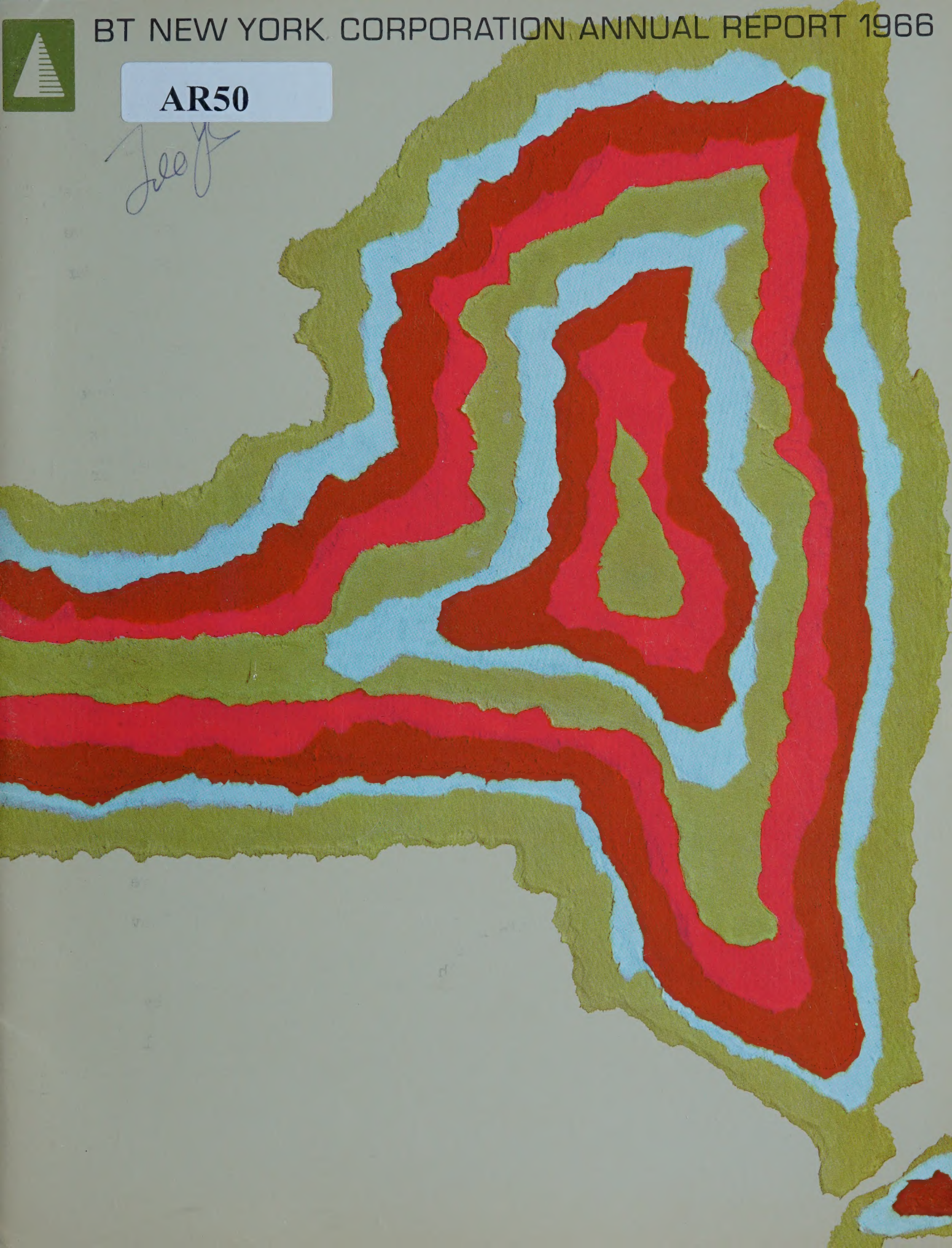




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BT NEW YORK CORPORATION ANNUAL REPORT 1966

Bankers Trust Company, New York
First Trust Company of Albany
The First State Bank of Spring Valley
The Fallkill Bank & Trust Company, Poughkeepsie

BT NEW YORK CORPORATION came into being June 1, 1966. However, as the parent of four long-established banks, this new institution can trace its roots into the past century.

BT New York Corporation brings together in one family Bankers Trust Company, organized in 1903, First Trust Company of Albany, organized in 1900, The First State Bank of Spring Valley, organized in 1900, and The Fallkill Bank and Trust Company, Poughkeepsie, organized in 1852.

These banks provide full banking services through their 91 offices located in New York City, along and adjacent to the Hudson Valley, in Nassau County and in London. They link together and to the world the people and industries of an incomparable region, economically preeminent and as abundantly endowed in history as in natural resources.

The proposal of BT New York Corporation to become a bank holding company was approved by the New York State Banking Board on December 1, 1965, and by the Governors of the Federal Reserve System on April 7, 1966. Shareholders of the four banks endorsed overwhelmingly the plan under which their bank shares were traded for securities of the holding company.

In passing enabling legislation, New York State's elected officials were anticipating the demands of New York's growing population. Already the largest industrial state in the nation, New York can use an increasing amount of financial capital and a wide array of banking services for its continuing growth. BT New York Corporation can help in the fulfillment of these needs.

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PROFILE OF 1966

Totals for Year (In Thousands)	1966*	1965*	Change
Operating Revenue	\$262,210	\$205,224	+\$56,986
Operating Expense	185,477	139,741	+ 45,736
Income Taxes on			
Operating Earnings	30,232	24,068	+ 6,164
Net Operating Earnings	46,501	41,415	+ 5,086
Dividends Declared	23,763	22,715	+ 1,048

Per Share

Operating Earnings Before			
Income Taxes	\$ 8.03	\$ 6.85	+\$ 1.18
Income Taxes on Operating			
Earnings	3.17	2.52	+ .65
Net Operating Earnings	4.86	4.33	+ .53
Annual Dividend Rate	2.60	—	—
Book Value	39.45	38.99	+ .46

Averages (In Millions)

Deposits	\$ 4,707	\$ 4,055	+\$ 652
Loans	3,309	2,698	+ 611
Securities	920	973	— 53

End of Year

Shareholders	26,836	26,759	+ 77
Number of Shares Outstanding	9,548,578	9,573,553	— 24,975
Staff	7,616	7,286	+ 330
Banking Offices	91	89	+ 2
Stockholders' Equity			
Amount (In Thousands)	\$376,654	\$373,239	+\$ 3,415

*The data for 1965 and the first five months of 1966 are based on the data of the member banks for each of those periods.

TO OUR SHAREHOLDERS AND TO THE CUSTOMERS AND EMPLOYEES OF OUR MEMBER BANKS:

This is the first Annual Report of BT New York Corporation. It records our dedication to serve well the banking needs of our customers. BT New York Corporation has come into being through the fusion of four institutions, each remembering its past while anticipating its own growth in usefulness in this joining of resources and ideas.

BT New York Corporation began its operations June 1, 1966. Of necessity, therefore, the consolidated financial statements in this initial report are on a pooling of interests basis. Beginning on page 17, you will find these statements of condition and income and other pertinent information on the condition and administration of individual banks whose shares are owned by BT New York Corporation. The narrative Review of the Year assesses our financial and operating achievements.

A year ago, in the Annual Report of Bankers Trust Company, the progress of the holding company proposal was termed the bank's most significant development of 1965. In 1966, the realization of these plans has brought great satisfaction to all of us. Our belief is confirmed that the customers and staffs of participating banks and our shareholders will benefit from the changes which have taken place. Further, we are reassured of achieving the benefits for New York State and for the economy generally which the legislators envisioned in their 1960 studies of banking. If anything, the passage of time has intensified the requirement for resourceful financial institutions—banks with flexibility as well as strength.

In mid-August, BT New York Corporation announced a plan to acquire 80 per cent or more of the stock of the Liberty National Bank and Trust Company, Buffalo. The proposed affiliation of Liberty National Bank with the holding company conforms to our long-range planning. We are looking forward to the opportunity to enter this vital and important area of New York State. Approval of the acquisition is pending before State and Federal bank supervisory authorities.

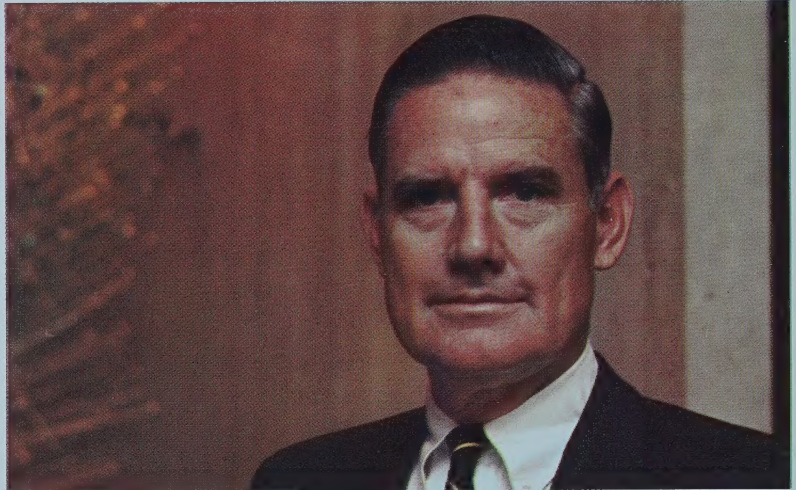
For the nation, 1966 was a year of unprecedented prosperity. Many of the nation's manufacturers were producing at capacity. Industry earnings were high. The population's disposable income increased. But these conditions of prosperity were accompanied by squeezed profit margins, labor shortages, and strains on productive capacity. As inflationary pressures mounted in a tight money market, capital investments were singled out for restraint by governmental admonition and regulation.

The banking industry has been called upon to use skill and ingenuity to meet these pressures. We affirm our devotion to prudence, while we seek out every possible

new avenue which will lead us to new areas of service and profit. We look to the ultimate correction of economic imbalances and to the continued acceleration of essential economic growth.

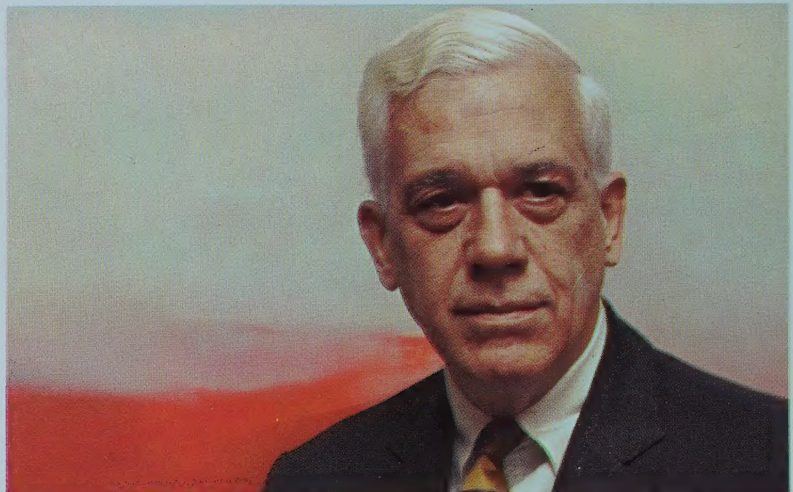
We are fortunate in having around us men and women who are skilled and diligent. It is their loyalty and warm regard for customer service that will help to keep us growing as we have in the past. We take pleasure in acknowledging to our shareholders and customers our associates' role in the achievements reported here.

4



William H. Moore

CHAIRMAN



H. B. Druechel

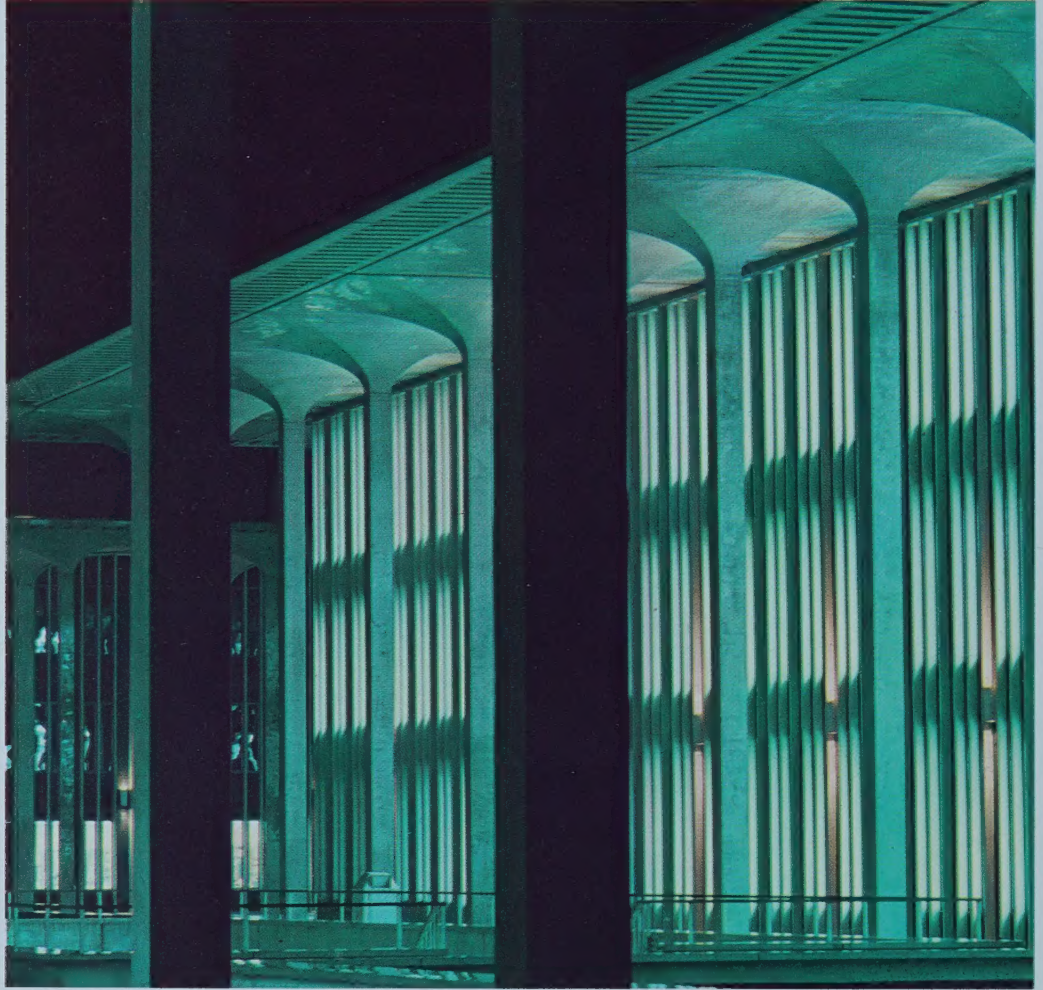
PRESIDENT

Suffern, N. Y.
December 31, 1966

REVIEW OF THE YEAR

5

6



Contemporary architecture of a new classroom building of the State University of New York, in Albany, anticipates the dynamic decades of growth to come, and the State's preparation for them.

BT New York Corporation at year-end had assets of \$6,166 million and deposits totaling \$5,293 million. The consolidated results reported here reflect records in average deposits, average loans, earnings and total assets.

Operating Revenue and Expense

Consolidated net operating earnings after taxes rose 12.2 per cent to \$46.5 million in 1966 from \$41.4 million in 1965.

The sources of operating revenue were as follows:

Interest and Fees on Loans	69%
Interest and Dividends	
U. S. Government Obligations	4
State and Municipal Obligations	6
Other Securities	1
Bond Trading Account	4
Trust and Custodian Fees	11
Deposit Account Service Charges	2
Other Operating Revenue	3
	<hr/>
	100%

The increase in earnings is a reflection of the continued active demand from business for loans.

Consolidated operating earnings before taxes were \$76.7 million, an increase of 17.2 per cent over \$65.5 million in 1965.

The 1966 earnings are equal to \$4.86 per share, compared with \$4.33 per share in 1965. The increase in earnings was achieved despite the enactment of the New York City income tax, which reduced the earnings of Bankers Trust Company by \$1.5 million.

Operating expense for 1966 was \$185.5 million. This compares with \$139.7 million for the previous year. The increase of 32.8 per cent is accounted for largely by increased interest paid on a higher level of time deposits of all types, including certificates of deposit. The effect of the increased interest cost was more than offset by the availability of these additional funds for loans. The rise in personnel costs of 11 per cent reflects the growth of the business of our member banks, the tight labor market and normal increments. We believe that these costs would have risen considerably more were it not for the advances we have made in our operating systems.

Dividends

The directors of BT New York Corporation declared quarterly dividends of 65 cents per share, an annual dividend rate of \$2.60. Total dividends declared in 1966 amounted to \$23.8 million. This represented 51.1 per cent of net operating earnings.

Stockholders' Equity

At year end, stockholders' equity was \$376.7 million, an increase of \$3.4 million over 1965. Book value per share was \$39.45 at December 31, 1966, against \$38.99 the previous year end, an increase of \$.46 per share.

Deposits

Consolidated deposits of the member banks rose to \$5,293 million, an increase of \$591 million or 12.6 per cent over 1965. Demand deposits, \$214 million more than a year earlier, continued to represent a record. The substantial growth—\$377 million—was in time deposits, reflecting a general trend created by higher interest rates and competition for funds in the money market. Time deposits represented 39.5 per cent of the total.

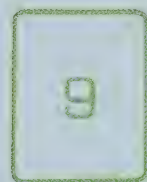


Loans

The demand for commercial and industrial loans increased in 1966, taxing the capacity of commercial banks to meet the needs of American business. The Federal Reserve Board in September appealed to banks to moderate the extension of loans to business, but even prior to that date, our member banks had increased their selectivity in handling business loan applications, while remaining sensitive to the important and critical needs of customers.

The average loan-deposit ratio reached 70.3 per cent, compared with 66.5 per cent a year earlier.

Total interest and fees on loans was \$182.4 million, compared with \$135.3 million a year earlier, an increase of 34.8 per cent. The increase came from the greater volume of loans, as well



Commerce flows along a ribbon of light which is the Tappan Zee Bridge, as it appears to float in a graceful curve across the Hudson River, near Spring Valley.

as the higher interest rates. The prime rate increased from five per cent to six per cent during the year.

Securities

The consolidated holdings by member banks of securities in 1966 averaged slightly below comparable figures for 1965. These holdings were \$920 million in 1966, compared with \$973 million in 1965. However, reflecting higher yields, interest earnings increased.

The net loss after taxes on investment securities sold during 1966 by the member banks and subsidiaries was \$9.0 million. This compared with a net loss of \$859 thousand in 1965. Through reinvestment of proceeds, the current yields on both government and municipal holdings increased substantially.

The market value of securities held at the end of the year was \$12.7 million less than book value.

Examinations and Audits

During the year, the New York State Banking Department and the Federal Reserve Bank of New York each conducted an annual examination of the member banks. In addition, as required by law, the banks were examined by committees of their boards of directors. A firm of certified public accountants has audited BT New York Corporation, and other certified public accountants have audited each of the member banks. Their certifications are included as part of this report.

Trust Services

The capabilities of a large money market bank include highly specialized skills in the management of trusts and estates. Bankers Trust Company has long been preeminent in trust services for individuals, institutions and corporations. These resources are now available to other members of BT New York Corporation. We call to the attention of our shareholders in New York State that many of them and their friends, while continuing to do business in their home communities, have access to this broader range of personal trust services, pension plans for professional employees and small businessmen and other trust services. A description of some of these services appears in the 1966 Annual Report of Bankers Trust Company.

Management

The formation of BT New York Corporation was accepted by the directors and shareholders of the four member banks as the best means for coordinating their services in the areas they serve. For the three upstate banks, it provides, in particular, adequate capital to support expansion of offices,





The Wall Street headquarters of Bankers Trust Company and the New York Stock Exchange are neighbors in the world's busiest financial district.

services and deposits; support for expanded service to the needs of their communities, and the ability to broaden their services. Bankers Trust Company, in turn, is supplied with an extended market and the opportunity to expand its participation in the growth of the State of New York.

Each of the four banks, as provided by law, will continue to be under the direct control of its own board of directors, and will be managed and operated by its own officers and staffs. At the same time, all of the banks will benefit from the specialized knowledge and resources of the others through affiliation with the corporation.

What the Future Holds

When BT New York Corporation began operation, its shareholders owned four banks with domestic offices in the five boroughs of New York City, and in Nassau, Albany, Fulton, Greene, Dutchess and Rockland Counties. Its operations are in the first, second, third, and fourth banking



districts. This encompasses a substantial portion of the Eastern half of New York State, including the heavily industrialized Hudson River valley.

In August, the holding company announced its offer to acquire 80 per cent or more of the stock of Liberty National Bank and Trust Company, Buffalo, with 34 offices. This would give us representation in the ninth banking district, the important Western New York population and industrial area. This move is in keeping with our objective to expand throughout the state. Further, First Trust Company of Albany is seeking approval to merge with The North Creek National Bank, which would add three banking offices and \$6.0 million in assets to its resources.

Bankers Trust Company opened two new offices—Varick Street and Kings Highway—in 1966, bringing the total of its domestic offices to 67. An additional five new offices are scheduled for 1967. They will be in Riverdale, Maspeth, Flatbush, Bay Ridge and 23rd Street at Third Avenue.



Applications are pending for four additional locations. First Trust Company of Albany also will open a new branch, at Elsmere, early in 1967.

The consummation of these announced plans would bring the domestic offices of BT New York Corporation's currently affiliated banks to a total of 102. The affiliation of Liberty National Bank would add its additional 34 offices.

In international banking, Bankers Trust Company has two branches in London and representative offices in Paris, Rome, Mexico City, Beirut, Frankfurt, Manila and Sydney. Bankers International Corporation, its wholly owned overseas investment subsidiary, has affiliations in Europe, Latin America, the Far East and Africa. The affiliates operate more than 40 banking offices.

In mid-May, \$20 million of five per cent debentures of Bankers International (Luxembourg) S. A., guaranteed by BT New York Corporation and convertible into its stock, were offered in Europe. The issue was oversubscribed. Proceeds are being used primarily to continue our program of investing in overseas financial institutions. Bankers International (Luxembourg) is a holding company and a subsidiary of Bankers International Corporation.

Bankers Trust Company's investments in 1966 gave it a one-third interest in Banque du Benelux, Antwerp; 20 per cent ownership of China Securities Investment Corporation, Taiwan; and a nearly 25 per cent interest in Deutsche Unionbank, Frankfurt. The German bank has a banking affiliate in Hamburg and plans further expansion.

This changing picture in foreign investments represents decisions taken to meet new challenges of competition, nationalism and U.S. foreign policy. Through Bankers Trust Company's program of international development, BT New York Corporation's member banks can provide Americans doing business overseas with American bank services to meet their needs abroad.

New York State and the world markets represent promising growth areas for the banks affiliated with BT New York Corporation. The New York State Bankers Association, in a report on economic growth in New York State, predicts that the increase in population and in employment during this decade will be accompanied by a substantial rise in economic activity. The further development of the state's export trade volume—now at about \$1.5 billion annually—will be an important element in the achievement of its economic goals.

BT New York Corporation has the flexibility to change with the times and the resources to share in future economic growth of the state and nation. Your management anticipates additional growth of the Corporation's assets, deposits and earnings in 1967.



Construction underway in the shadow of the venerable State House in Albany dramatically illustrates the vitality of the upstate area served by BT New York Corporation.

BOARD OF DIRECTORS

WILLIAM H. MOORE, *Chairman of the Board*
WALLIS B. DUNCKEL, *President*
LEE S. BICKMORE, *President, National Biscuit Company*
ALFRED BRITTAIN III, *President, Bankers Trust Company*
JOSEPH F. CULLMAN, 3rd, *Chairman of the Board, Philip Morris Incorporated*
RICHARD C. DOANE, *Chairman of the Board, International Paper Company*
KEMPTON DUNN, *Chairman of the Board, Abex Corporation*
PAUL A. GORMAN, *President, Western Electric Company, Inc.*
LEWIS A. LAPHAM, *Vice Chairman of the Board, Bankers Trust Company*
PLATO MALOZEMOFF, *President and Chairman of the Board, Newmont Mining Corporation*
WAYNE C. MARKS, *Armonk, New York*
WALTER A. MARTING, *President, The Hanna Mining Company*
WILLIAM F. MAY, *Chairman of the Board, American Can Company*
GEORGE G. MONTGOMERY, *Chairman of the Board, Kern County Land Company*
HERMAN C. NOLEN, *Chairman of the Board, McKesson & Robbins, Incorporated*
PHILIP D. REED, *Director of various Corporations*
EDWARD S. ROONEY, *Chairman and President, First Trust Company of Albany*
KENNETH RUSH, *President, Union Carbide Corporation*
ANDREW W. TARKINGTON, *President, Continental Oil Company*
WILLIAM T. TAYLOR, *Chairman of the Board, ACF Industries, Incorporated*
WALTER N. THAYER, *President, Whitney Communications Corporation*
E. CLINTON TOWL, *Chairman of the Board, Grumman Aircraft Engineering Corporation*
THOMAS J. WATSON, JR., *Chairman of the Board, International Business Machines Corporation*
FRAZAR B. WILDE, *Chairman Emeritus, Connecticut General Life Insurance Company*

ADMINISTRATIVE OFFICERS

WILLIAM H. MOORE, *Chairman of the Board*
WALLIS B. DUNCKEL, *President*
ROBERT H. BROME, *General Counsel and Secretary*
CHARLES G. GARRETT, *Vice President*
HARRY F. SCHROEDER, *Vice President and Treasurer*

Executive Offices: #59 Route 59, Suffern, New York

Mailing address: P. O. Box 357, Suffern, New York 10901

Telephone: 914/357-6060

BT NEW YORK CORPORATION AND AFFILIATED BANKS

CONSOLIDATED STATEMENT OF CONDITION

ASSETS	DECEMBER 31		CHANGE
	1966	1965	
Cash and Due from Banks	\$1,386,175,000	\$1,041,323,000	+\$344,852,000
U.S. Government Obligations	500,932,000	445,605,000	+ 55,327,000
State and Municipal Obligations	558,560,000	553,775,000	+ 4,785,000
Other Securities	80,768,000	76,054,000	+ 4,714,000
Loans, less reserve for possible loan losses			
1966—\$64,642,000 1965—\$50,652,000	3,414,680,000	3,095,732,000	+ 318,948,000
Bank Premises and Equipment, less depreciation			
1966—\$32,461,000 1965—\$29,644,000	46,873,000	46,861,000	+ 12,000
Customers' Liability on Acceptances	116,526,000	95,721,000	+ 20,805,000
Other Assets	61,372,000	45,764,000	+ 15,608,000
Total Assets	<u>\$6,165,886,000</u>	<u>\$5,400,835,000</u>	<u>+\$765,051,000</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits — Demand	\$3,201,767,000	\$2,987,735,000	+\$214,032,000
— Time	<u>2,090,894,000</u>	<u>1,714,369,000</u>	<u>+ 376,525,000</u>
Total	\$5,292,661,000	\$4,702,104,000	+\$590,557,000
Borrowed Funds	186,298,000	62,790,000	+ 123,508,000
Banks' Liability on Acceptances	120,118,000	99,245,000	+ 20,873,000
Reserve for Taxes and Accrued Expense	33,000,000	24,359,000	+ 8,641,000
Dividends Payable	6,207,000	7,389,000	— 1,182,000
Other Liabilities	37,963,000	34,579,000	+ 3,384,000
Debentures of Parent Corporation 4½ % due 1981	4,985,000	5,130,000	— 145,000
Debentures of Affiliated Company 5% due 1986.	20,000,000	—	+ 20,000,000
Capital Notes of Affiliated Bank 4½ % due 1988..	88,000,000	92,000,000	— 4,000,000
Stockholders' Equity (see Parent Corporation, page 19, for detail)	<u>376,654,000</u>	<u>373,239,000</u>	<u>+ 3,415,000</u>
Total Liabilities and Stockholders' Equity..	<u>\$6,165,886,000</u>	<u>\$5,400,835,000</u>	<u>+\$765,051,000</u>

See notes to financial statements.

BT NEW YORK CORPORATION AND AFFILIATED BANKS

CONSOLIDATED STATEMENT OF INCOME

	YEAR ENDED DECEMBER 31		CHANGE
	1966	1965	
OPERATING REVENUE			
Interest and Fees on Loans	\$182,370,000	\$135,278,000	+\$47,092,000
Interest and Dividends			
U.S. Government Obligations	10,881,000	10,652,000	+ 229,000
State and Municipal Obligations	17,052,000	14,665,000	+ 2,387,000
Other Securities	1,281,000	1,919,000	- 638,000
Bond Trading Account	9,456,000	6,852,000	+ 2,604,000
Trust and Custodian Fees	29,351,000	26,042,000	+ 3,309,000
Deposit Account Service Charges	5,096,000	5,020,000	+ 76,000
Other Operating Revenue	6,723,000	4,796,000	+ 1,927,000
Total Operating Revenue	<u>\$262,210,000</u>	<u>\$205,224,000</u>	<u>+\$56,986,000</u>
OPERATING EXPENSE			
Salaries	\$ 46,794,000	\$ 43,123,000	+\$ 3,671,000
Profit Sharing and Bonus	3,731,000	3,172,000	+ 559,000
Employee Benefits and Social Security	5,201,000	3,888,000	+ 1,313,000
Interest on Deposits	83,299,000	49,858,000	+ 33,441,000
Interest on Borrowed Funds	8,341,000	5,177,000	+ 3,164,000
Interest on Capital Notes	4,110,000	4,314,000	- 204,000
Net Occupancy Expense of Bank Premises	12,211,000	11,204,000	+ 1,007,000
Equipment Expense	4,516,000	4,041,000	+ 475,000
Other Operating Expense	17,274,000	14,964,000	+ 2,310,000
Total Operating Expense	<u>\$185,477,000</u>	<u>\$139,741,000</u>	<u>+\$45,736,000</u>
OPERATING EARNINGS			
Operating Earnings before Income Taxes	\$ 76,733,000	\$ 65,483,000	+\$11,250,000
Income Taxes on Operating Earnings	<u>30,232,000</u>	<u>24,068,000</u>	<u>+ 6,164,000</u>
NET OPERATING EARNINGS	<u>\$ 46,501,000</u>	<u>\$ 41,415,000</u>	<u>+\$ 5,086,000</u>
Non-Operating Additions			
Net Profit on Investment Securities Sold after taxes			
1965—\$ 6,000	\$ —	\$ 16,000	—\$ 16,000
All Other after taxes			
1966—\$ 255,000 1965—\$ 33,000	308,000	32,000	+ 276,000
Total Non-Operating Additions	<u>\$ 308,000</u>	<u>\$ 48,000</u>	<u>+\$ 260,000</u>
Non-Operating Deductions			
Net Loss on Investment Securities Sold after taxes			
1966—\$9,109,000 1965—\$ 662,000	\$ 9,044,000	\$ 875,000	+\$ 8,169,000
Transfers to Reserve for Possible Loan Losses after taxes			
1966—\$8,078,000 1965—\$11,597,000	8,948,000	12,559,000	- 3,611,000
All Other after taxes			
1966—\$ 15,000 1965—\$ 23,000	20,000	69,000	- 49,000
Total Non-Operating Deductions	<u>\$ 18,012,000</u>	<u>\$ 13,503,000</u>	<u>+\$ 4,509,000</u>
Transferred to Stockholders' Equity	<u>\$ 28,797,000</u>	<u>\$ 27,960,000</u>	<u>+\$ 837,000</u>

SUMMARY OF CHANGES IN CONSOLIDATED STOCKHOLDERS' EQUITY

	1966	1965
Balance January 1	\$373,239,000	\$366,504,000
From Statement of Income	28,797,000	27,960,000
Purchase of Treasury Stock	-1,350,000	—
Sale of Capital Stock	1,000	72,000
Costs in connection with Acquisition of Affiliated Banks	-277,000	—
Other Credits after taxes	7,000	31,000
Cash Dividends Declared—by Affiliated Banks prior to June 1, 1966.	-5,127,000	-22,715,000
by Parent Corporation since June 1, 1966	-18,636,000	—
Accretion of Bond Discount Applicable to period prior to 1/1/65 (after taxes)	—	889,000
From Reserve for Taxes	—	100,000
Acquisition — National Bank of Windham	—	398,000
Balance December 31	<u>\$376,654,000</u>	<u>\$373,239,000</u>

See notes to financial statements.

BT NEW YORK CORPORATION (Parent Corporation Only)

STATEMENT OF CONDITION

DECEMBER 31, 1966

ASSETS

Cash and Due from Banks	\$ 188,000
Dividends Receivable from Affiliated Banks	6,480,000
Marketable Securities	804,000
Investments in Affiliated Banks at Underlying Net Asset Values	380,342,000
Other Assets	310,000
Total Assets	<u>\$388,124,000</u>

LIABILITIES

Reserve for Taxes and Accrued Expense	\$ 130,000
Dividend Payable	6,207,000
Other Liabilities	7,000
4½ % Debentures Series A Due 1981	5,126,000
Total Liabilities	<u>\$ 11,470,000</u>

STOCKHOLDERS' EQUITY

Common Stock (Par Value \$10 per share) Authorized 11,000,000 shares Issued 9,548,578 shares (after deducting 25,000 shares in Treasury)	\$ 95,486,000
Capital Surplus	1,000
Additional Capital Represented by Equity in Net Assets of Affiliated Banks	278,977,000
Retained Earnings	2,190,000
Total Stockholders' Equity	<u>\$376,654,000</u>
Total Liabilities and Stockholders' Equity	<u>\$388,124,000</u>

See notes to financial statements.

BT NEW YORK CORPORATION (Parent Corporation Only)

STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 1966

REVENUE

Dividends from Affiliated Banks	\$22,408,000
Interest and Dividends on Marketable Securities	33,000
Total Income	<u>\$22,441,000</u>

EXPENSE

Salaries	\$ 42,000
Interest on Debentures	136,000
Transfer Agent and Registrar Fees	17,000
Other Operating Expenses	88,000
Total Expense	<u>\$ 283,000</u>

Income before Income Taxes	\$22,158,000
Income Taxes — State	156,000
Federal — Credit	<u>—201,000</u>
Net Income	<u>\$22,203,000</u>

SUMMARY OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock	Capital Surplus	Additional Capital Represented by Equity in Net Assets of Affiliated Banks	Retained Earnings
Balance at January 1, 1966	\$95,736,000	\$ —	\$277,503,000	\$ —
Sale of Common Stock	—	1,000	—	—
Purchase of Treasury Stock	—250,000	—	—	— 1,100,000
Costs in connection with acquisition of affiliated banks	—	—	—	— 277,000
Net Income	—	—	—	22,203,000
Other Credits	—	—	7,000	—
Cash dividends declared	—	—	—	—18,636,000
Net Income of affiliated banks, less dividends declared	—	—	1,467,000	—
Balance at December 31, 1966	<u>\$95,486,000</u>	<u>\$1,000</u>	<u>\$278,977,000</u>	<u>\$ 2,190,000</u>

See notes to financial statements.

BT NEW YORK CORPORATION AND AFFILIATED BANKS

NOTES TO FINANCIAL STATEMENTS

Note A — Organization and principles of consolidation

BT New York Corporation was incorporated May 12, 1965 under the laws of New York. Under the terms of a Plan of Acquisition dated as of June 4, 1965, the Corporation acquired, as of May 31, 1966, the outstanding shares of capital stock of Bankers Trust Company, First Trust Company of Albany, The First State Bank of Spring Valley, and The Fallkill Bank and Trust Company in exchange for 9,573,553 shares of its Common Stock, \$5,126,500 of its 4½% debentures (see Note F), and \$3,400 cash for fractional shares. These acquisitions have been accounted for as a pooling of interests and, accordingly, the consolidated financial statements for both years include the accounts of the affiliated banks. The statement of income for the parent Corporation reflects its revenue and expenses only since June 1, 1966, when it became active.

The First State Bank of Spring Valley and The Fallkill Bank and Trust Company maintain their records on modified cash bases of accounting; however, adjustment of their accounts to accord with generally accepted accounting principles would not have any material effect upon the consolidated financial statements, or those of the parent Corporation.

Note B — Securities

Investment securities are included in the accompanying consolidated statement of condition at cost adjusted for amortization of premium and discount. Trading account securities of \$171.3 million are carried at market which is not significantly different from cost. The market value of investment securities at December 31, 1966 was approximately as follows (amounts in millions):

U. S. Government Obligations	\$395
State and Municipal Obligations	519
Other Securities	42
	<u>\$956</u>

The maturities of investment securities at December 31, 1966 were as follows (amounts in millions):

	Within 1 Year	1-2 Years	2-5 Years	5-10 Years	Over 10 Years	Total	Average Life
U. S. Government Obligations	\$230	\$ 54	\$ 28	\$ 78	\$ 1	\$391	1 yr. 10 mo.
State and Municipal Obligations	\$130	\$ 19	\$ 50	\$ 85	\$251	\$535	11 yrs. 3 mo.

Note C — Assets pledged

At December 31, 1966 assets of \$340,724,000 included in the consolidated statement of condition were pledged to secure deposits and for other purposes.

Note D — Reserve for possible loan losses

An analysis of the changes in the consolidated reserve for possible loan losses follows:

	1966	1965
	(in thousands)	
Balance January 1	\$50,652	\$28,983
Transfers to Reserve for possible loan losses	17,026	24,155
Recoveries on loans previously charged off	1,184	1,360
From merged bank	—	9
	<u>\$68,862</u>	<u>\$54,507</u>
Loans charged off to reserve	4,220	3,855
Balance December 31	<u>\$64,642</u>	<u>\$50,652</u>

Note E — Bank premises and equipment

Bank premises and equipment are stated in the consolidated statement of condition at cost less accumulated depreciation and amortization. Included in this account at December 31, 1966 were bank premises of \$27.2 million, leasehold improvements of \$15.5 million and furniture and equipment of \$4.2 million. Depreciation is primarily computed under the straight-line method for financial statement purposes while accelerated depreciation methods are being used for tax purposes. Provision has been made for the estimated income taxes deferred in this manner. Depreciation and amortization charged to consolidated income during the year amounted to \$3.3 million in 1966 and \$3.0 million in 1965.

Prior to 1966, the Bankers Trust Company followed the practice of reflecting the investment credit in operating earnings over the lives of the assets involved. In 1966 the investment credit for the current year of \$69 thousand and the portion (\$397 thousand) of the credit deferred in prior years has been applied as a reduction of the provision for income taxes. As a result of this change, consolidated net operating earnings were increased by \$350 thousand in 1966.

Note F — Debentures and capital notes

The 4½ % debentures of the parent Corporation due June 1, 1981 were issued under an indenture which limits the aggregate principal amount of this series to \$5,231,000. These debentures may be redeemed at the option of the Corporation on any date after May 31, 1971 at a premium of 2.77% to May 31, 1972, and declining thereafter to par after May 31, 1979. The indenture provides for additional series of debentures.

The 5% debentures of affiliated company due June 1, 1986 were issued by Bankers International (Luxembourg) S.A., a subsidiary of Bankers Trust Company, under an indenture which provides for semiannual sinking fund payments commencing December 1, 1976 in amounts equal to 5% of the principal amount of debentures outstanding on September 1, 1976. The debentures may be redeemed at the option of Bankers International (Luxembourg) S.A. on or after June 1, 1976 in principal amounts of not less than \$1,000,000, plus a premium initially of 3% and declining thereafter, and at par after May 31, 1979. Payments of principal, interest and sinking fund requirements are guaranteed by BT New York Corporation. The debentures are convertible into Common Stock of BT New York Corporation on or after December 1, 1967 at the conversion price of \$60 per share, which price is subject to possible adjustments as provided for in the indenture. As of December 31, 1966, 333,333 shares of Common Stock of the Corporation were reserved for issuance upon conversion of these Debentures.

The 4½ % capital notes of Bankers Trust Company, due December 15, 1988, were issued under an indenture which provides for a mandatory sinking fund payment sufficient to retire \$4,000,000 in each year through 1987. After December 14, 1968, with the approval of the New York Superintendent of Banks, the notes may be redeemed at the option of the bank in whole or in part at their principal amount plus a premium initially of 3.375%, and declining thereafter, and at par after December 14, 1983.

Note G — Stock options

As of May 31, 1966, BT New York Corporation assumed the Stock Option Plan (a qualified stock option plan) and the Stock Option and Savings Plan (an employee stock purchase plan) of Bankers Trust Company. Options outstanding under the plans were assumed on a share-for-share basis. No new options or savings agreements will be granted under the assumed plans.

As of December 31, 1966, options under the Stock Option Plan for 81,977 shares of Common Stock of BT New York Corporation were outstanding at prices from \$57.25 to \$67.75 a share (market prices at date of grant by Bankers Trust Company). Options under this plan are for a term of five years from the date of issue by Bankers Trust Company. Options for 25 shares were exercised, and options for 2,033 shares were cancelled during 1966.

As of December 31, 1966, options under the Stock Option and Savings Plan for 21,031 shares of Common Stock of BT New York Corporation were outstanding at a price of \$62.25 a share (market price at date of grant by Bankers Trust Company). The options outstanding under this plan expire June 30, 1967. Options for 124 shares were exercised and options for 16,205 shares were cancelled during 1966.

Note H — Contracts and agreements

Pending approval of the appropriate supervisory authorities, BT New York Corporation will, under the terms of an agreement, issue approximately 20,000 shares of its Common Stock in exchange for all of the outstanding capital stock of The North Creek (New York) National Bank, and intends to offer shares of its Common Stock in exchange for not less than 80% of the outstanding capital shares of Liberty National Bank and Trust Company, Buffalo, New York, for which purpose up to 938,000 shares of Common Stock have been reserved.

At December 31, 1966, annual rent for properties (principally office space) leased to the banks was \$6.4 million, including in some cases real estate taxes and other expenses. Rental payments under these leases shown by period of expiration dates of the leases are as follows (amounts in millions):

1967 - 1976	\$1.6
1977 - 1986	1.2
1987 - 19969
1997 - 2006	2.6
2007 - 20111
	<u>\$6.4</u>

Consolidated net occupancy expense of bank premises for 1966 includes credits for tenants' rentals of \$3.3 million, including rentals received for properties both owned and leased by the banks.

Note I — Federal income taxes

The parent Corporation collects from the affiliates the amount of federal income taxes applicable to such affiliates as if they filed on a separate-return basis, and pays the tax liability determined to be due on a consolidated-return basis. The difference between the aggregate of such amounts is recorded as a credit in the income statement of the Corporation.

Note J — Pension plans

The affiliated banks have pension plans covering substantially all of their employees. Contributions to the plans charged to income aggregated approximately \$1,633 thousand in 1966 and \$143 thousand in 1965. Past service costs have substantially been provided for and the plans are substantially fully funded if recognition is given to the market value of trust investments.

OPINION OF INDEPENDENT ACCOUNTANTS

ERNST & ERNST

120 Broadway, New York 10005

January 18, 1967

To the Board of Directors and Stockholders
of BT New York Corporation

We have examined the statement of condition of BT New York Corporation and the consolidated statement of condition of BT New York Corporation and affiliated banks as of December 31, 1966, and the related statements of income and summaries of changes in stockholders' equity for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The amounts for the underlying net assets of affiliated banks have been included in the financial statements of BT New York Corporation, and the accounts of the affiliated banks have been included in the consolidated financial statements of BT New York Corporation and affiliated banks, as reported upon by other independent accountants. Our opinion, insofar as it relates to the amounts so included, is based solely upon such reports. The consolidated financial statements for 1965 were not audited by independent accountants.

In our opinion, the aforementioned statements of condition and of income and summaries of changes in stockholders' equity, which appear on pages 17 through 22 herein, present fairly the financial position of BT New York Corporation and the consolidated financial position of BT New York Corporation and affiliated banks at December 31, 1966, and the respective results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Ernst & Ernst

FIVE YEAR SUMMARY

CONSOLIDATED FINANCIAL RESULTS

	1966	1965	1964	1963	1962
Operating Revenue	\$262,210,000	\$205,224,000	\$180,942,000	\$161,561,000	\$148,003,000
Operating Expense	185,477,000	139,741,000	121,236,000	104,271,000	89,116,000
Operating Earnings before Taxes	\$ 76,733,000	\$ 65,483,000	\$ 59,706,000	\$ 57,290,000	\$ 58,887,000
Income Tax on Operating Earnings	30,232,000	24,068,000	23,801,000	25,143,000	27,373,000
Net Operating Earnings	\$ 46,501,000	\$ 41,415,000	\$ 35,905,000	\$ 32,147,000	\$ 31,514,000
Net Non-Operating Deductions	-17,704,000	-13,455,000	-3,270,000	-3,389,000	-1,944,000
Other Net Credits/Debits to Stockholders' Equity	-1,619,000	1,490,000	360,000	2,615,000	541,000
Total	\$ 27,178,000	\$ 29,450,000	\$ 32,995,000	\$ 31,373,000	\$ 30,111,000
Dividends Declared	23,763,000	22,715,000	19,090,000	18,502,000	17,017,000
Increase in Stockholders' Equity	\$ 3,415,000	\$ 6,735,000	\$ 13,905,000	\$ 12,871,000	\$ 13,094,000

CONSOLIDATED EARNINGS PER SHARE*

Operating Earnings before Income Taxes	\$8.03	\$6.85	\$6.25	\$6.06	\$6.25
Income Taxes on Operating Earnings	3.17	2.52	2.49	2.66	2.91
Net Operating Earnings	4.86	4.33	3.76	3.40	3.34

BALANCES AT DECEMBER 31

(in millions)

Total Assets	\$ 6,166,000	\$ 5,401,000	\$ 4,713,000	\$ 4,516,000	\$ 4,080,000
Loans	3,415,000	3,096,000	2,293,000	2,125,000	1,889,000
Securities	1,140,000	1,075,000	1,187,000	1,161,000	983,000
All Other Assets	1,611,000	1,230,000	1,233,000	1,230,000	1,208,000
Demand Deposits	3,202,000	2,988,000	2,755,000	2,782,000	2,840,000
Time Deposits	2,091,000	1,714,000	1,305,000	1,134,000	757,000
Total Deposits	5,293,000	4,702,000	4,060,000	3,916,000	3,597,000

*Per Share figures are based on average shares outstanding.

BANKERS TRUST COMPANY

CONSOLIDATED STATEMENT OF CONDITION

ASSETS	DECEMBER 31		CHANGE
	1966	1965	
Cash and Due from Banks	\$1,361,050,000	\$1,010,251,000	+\$350,799,000
U. S. Government Obligations	458,914,000	396,457,000	+ 62,457,000
State and Municipal Obligations	514,337,000	511,856,000	+ 2,481,000
Other Securities	79,622,000	75,198,000	+ 4,424,000
Loans, less reserve for possible loan losses			
1966—\$61,329,000 1965—\$47,398,000 ...	3,310,828,000	2,998,132,000	+ 312,696,000
Bank Premises and Equipment, less depreciation			
1966—\$29,851,000 1965—\$27,203,000 ...	43,753,000	43,985,000	— 232,000
Customers' Liability on Acceptances	116,506,000	95,698,000	+ 20,808,000
Other Assets	60,056,000	44,758,000	+ 15,298,000
Total Assets	<u>\$5,945,066,000</u>	<u>\$5,176,335,000</u>	<u>+\$768,731,000</u>
LIABILITIES			
Deposits—Demand	\$3,092,714,000	\$2,869,365,000	+\$223,349,000
—Time	2,001,747,000	1,627,945,000	+ 373,802,000
Total	\$5,094,461,000	\$4,497,310,000	+\$597,151,000
Borrowed Funds	186,298,000	62,790,000	+ 123,508,000
Bank's Liability on Acceptances	120,098,000	99,222,000	+ 20,876,000
Reserve for Taxes and Accrued Expense	31,958,000	23,200,000	+ 8,758,000
Dividends Payable	6,362,000	7,271,000	— 909,000
Other Liabilities	33,854,000	30,583,000	+ 3,271,000
Debentures of Affiliated Company			
5% due 1986	20,000,000	—	+ 20,000,000
Total Liabilities	<u>\$5,493,031,000</u>	<u>\$4,720,376,000</u>	<u>+\$772,655,000</u>
CAPITAL			
Capital Notes 4½ % due 1988	\$ 88,000,000	\$ 92,000,000	—\$ 4,000,000
Stockholder's Equity:			
Capital Stock (Par Value \$10 per share)	\$ 90,886,000	\$ 90,885,000	+\$ 1,000
Authorized and Outstanding			
9,088,594 shares			
Surplus	200,000,000	200,000,000	—
Undivided Profits	72,089,000	64,703,000	+ 7,386,000
Investment Securities Reserve	1,060,000	8,371,000	— 7,311,000
Total Stockholder's Equity	<u>\$ 364,035,000</u>	<u>\$ 363,959,000</u>	<u>+\$ 76,000</u>
Total Capital	<u>\$ 452,035,000</u>	<u>\$ 455,959,000</u>	<u>—\$ 3,924,000</u>
Total Liabilities and Capital	<u>\$5,945,066,000</u>	<u>\$5,176,335,000</u>	<u>+\$768,731,000</u>

See notes to financial statements.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

BANKERS TRUST COMPANY

CONSOLIDATED STATEMENT OF INCOME

	YEAR ENDED DECEMBER 31		
	1966	1965	CHANGE
OPERATING REVENUE			
Interest and Fees on Loans	\$175,171,000	\$128,776,000	+\$46,395,000
Interest and Dividends			
U. S. Government Obligations	9,370,000	9,264,000	+ 106,000
State and Municipal Obligations	15,829,000	13,662,000	+ 2,167,000
Other Securities	1,215,000	1,903,000	— 688,000
Bond Trading Account	9,456,000	6,852,000	+ 2,604,000
Trust and Custodian Fees	29,284,000	25,996,000	+ 3,288,000
Deposit Account Service Charges	4,334,000	4,321,000	+ 13,000
Other Operating Revenue	6,642,000	4,690,000	+ 1,952,000
Total Operating Revenue	<u>\$251,301,000</u>	<u>\$195,464,000</u>	<u>+\$55,837,000</u>
OPERATING EXPENSE			
Salaries	\$ 44,507,000	\$ 41,030,000	+\$ 3,477,000
Profit Sharing	3,655,000	3,101,000	+ 554,000
Employee Benefits and Social Security	4,809,000	3,559,000	+ 1,250,000
Interest on Deposits	79,942,000	46,827,000	+ 33,115,000
Interest on Borrowed Funds	8,231,000	5,157,000	+ 3,074,000
Interest on Capital Notes	4,110,000	4,307,000	— 197,000
Net Occupancy Expense of Bank Premises	11,575,000	10,611,000	+ 964,000
Equipment Expense	4,222,000	3,722,000	+ 500,000
Other Operating Expense	16,034,000	13,959,000	+ 2,075,000
Total Operating Expense	<u>\$177,085,000</u>	<u>\$132,273,000</u>	<u>+\$44,812,000</u>
OPERATING EARNINGS			
Operating Earnings before Income Taxes	\$ 74,216,000	\$ 63,191,000	+\$11,025,000
Income Taxes on Operating Earnings	<u>29,520,000</u>	<u>23,296,000</u>	<u>+ 6,224,000</u>
NET OPERATING EARNINGS	<u>\$ 44,696,000</u>	<u>\$ 39,895,000</u>	<u>+\$ 4,801,000</u>
Non-Operating Additions			
All Other after taxes			
1966—\$ 192,000 1965—\$ 20,000	<u>\$ 173,000</u>	<u>\$ 20,000</u>	<u>+\$ 153,000</u>
Total Non-Operating Additions	<u>\$ 173,000</u>	<u>\$ 20,000</u>	<u>+\$ 153,000</u>
Non-Operating Deductions			
Net Loss on Investment Securities Sold after taxes			
1966—\$8,974,000 1965—\$ 662,000	<u>\$ 8,905,000</u>	<u>\$ 875,000</u>	<u>+\$ 8,030,000</u>
Transfers to Reserve for Possible			
Loan Losses after taxes			
1966—\$7,940,000 1965—\$11,526,000	<u>8,799,000</u>	<u>12,487,000</u>	<u>— 3,688,000</u>
All Other after taxes			
1966—\$ 5,000 1965—\$ 23,000	<u>12,000</u>	<u>69,000</u>	<u>— 57,000</u>
Total Non-Operating Deductions	<u>\$ 17,716,000</u>	<u>\$ 13,431,000</u>	<u>+\$ 4,285,000</u>
Transferred to Undivided Profits	<u>\$ 27,153,000</u>	<u>\$ 26,484,000</u>	<u>+\$ 669,000</u>

See notes to financial statements.

BANKERS TRUST COMPANY

CONSOLIDATED STATEMENT OF CHANGES IN CAPITAL

Capital Notes, Capital Stock, Surplus, Undivided
Profits and Investment Securities Reserve

	1966	1965
Balance January 1	\$455,959,000	\$455,069,000
Capital Notes Due 1988		
Retired	—4,000,000	—4,000,000
Capital Stock		
Issued	1,000	12,000
Surplus	—	—
Undivided Profits		
Additions:		
From Statement of Income	27,153,000	26,484,000
From Investment Securities Reserve—		
Net Loss on Investment Securities		
Sold after taxes	8,905,000	875,000
Other Transfers—Net after taxes	—	93,000
Other Credits	7,000	60,000
Deductions:		
To Investment Securities Reserve—		
Annual Accretion of Bond Discount		
after taxes	—1,594,000	—701,000
Cash Dividends Declared	—27,085,000	—22,265,000
Investment Securities Reserve		
Additions:		
From Undivided Profits—		
Annual Accretion of Bond Discount		
after taxes	1,594,000	701,000
Accretion of Bond Discount applicable to period		
prior to 1/1/65 after taxes	—	599,000
Deductions:		
To Undivided Profits—		
Net Loss on Investment Securities		
Sold after taxes	—8,905,000	—875,000
Other Transfers—Net after taxes	—	—93,000
Balance December 31	<u>\$452,035,000</u>	<u>\$455,959,000</u>

See notes to financial statements.

BANKERS TRUST COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — Principles of consolidation

Bankers Trust Company is a wholly owned subsidiary of BT New York Corporation. The financial statements include the accounts of Bankers Trust Company and its subsidiaries, all of which are wholly owned.

Note 2 — Securities

Investment securities are included in the accompanying consolidated statement of condition at cost adjusted for amortization of premium and discount. Trading account securities of \$171.3 million are carried at market which is not significantly different from cost. The market value of investment securities at December 31, 1966 was approximately as follows (amounts in millions):

U. S. Government Obligations	\$353.1
State and Municipal Obligations	476.1
Other Securities	41.6
	<u>\$870.8</u>

The maturities of U. S. Government and State and Municipal investment securities were as follows (amounts in millions):

	End of	Within 1 Year	1-2 Years	2-5 Years	5-10 Years	Over 10 Years	Total	Average Life
U. S. Government								
Obligations	1966	\$214.5	\$49.8	\$13.9	\$70.6	—	\$348.8	1 yr. 8¾ Months
	1965	\$ 61.6	\$42.8	\$83.0	\$22.7	—	\$210.1	2 yrs. 4 Months
State and Municipal								
Obligations	1966	\$113.9	\$16.2	\$42.8	\$75.5	\$241.9	\$490.3	11 yrs. 9¾ Months
	1965	\$113.0	\$20.6	\$46.1	\$76.8	\$238.1	\$494.6	10 yrs. 4½ Months

Note 3 — Assets pledged

At December 31, 1966 assets of \$268,236,000 included in the consolidated statement of condition were pledged to secure deposits and for other purposes.

Note 4 — Reserve for possible loan losses

An analysis of the changes in the reserve for possible loan losses follows:

	1966	1965
	(in thousands)	
Balance January 1	\$47,398	\$25,768
Transfers to reserve for possible loan losses	16,739	24,013
Recoveries on loans previously charged off	1,085	1,302
	<u>\$65,222</u>	<u>\$51,083</u>
Loans charged off to reserve	3,893	3,685
Balance December 31	<u>\$61,329</u>	<u>\$47,398</u>

Note 5 — Bank premises and equipment

Bank premises and equipment are stated at cost less accumulated depreciation and amortization. Included in this account at December 31, 1966 were land and buildings owned of \$24.9 million, improvements on properties leased of \$15.1 million and furniture and equipment of \$3.8 million. Depreciation is computed under the straight-line method for financial statement purposes while accelerated depreciation methods permitted by the Internal Revenue Code of 1954 are being used for tax purposes. Provision has been made for the estimated income taxes deferred in this manner. Depreciation and amortization charged to income during the year amounted to \$3 million in 1966 and \$2.8 million in 1965.

Prior to 1966 the bank followed the practice of reflecting the investment credit in operating earnings over the lives of the assets involved. In 1966 the investment credit for the current year of \$69 thousand and the portion (\$397 thousand) of the credit deferred in prior years has been applied as a reduction of the provision for income taxes. As a result of this change, net operating earnings were increased by \$350 thousand.

Note 6 — Debentures and capital notes

The 5% debentures due June 1, 1986 were issued by Bankers International (Luxembourg) S.A. under an indenture which provides for semiannual sinking fund payments commencing December 1, 1976 in amounts equal to 5% of the principal amount of debentures outstanding on September 1, 1976. The debentures may be redeemed at the option of the company on or after June 1, 1976 in principal amounts of not less than \$1,000,000, plus a premium initially of 3% and declining thereafter, and at par after May 31, 1979. Payments of principal, interest and sinking fund requirements are guaranteed by BT New York Corporation. The debentures are convertible into common stock of BT New York Corporation on or after December 1, 1967 at the conversion price of \$60 per share, which price is subject to possible adjustments as provided for in the indenture.

The 4½% capital notes, due December 15, 1988, are issued under an indenture which provides for a mandatory sinking fund payment sufficient to retire \$4,000,000 in each year through 1987. After December 14, 1968, with the approval of the New York Superintendent of Banks, the notes may be redeemed at the option of the bank in whole or in part at their principal amount plus a premium initially of 3.375%, and declining thereafter, and at par after December 14, 1983.

Note 7 — Pension plan

The bank has a trustee non-contributory pension plan covering substantially all of its employees. Contributions to the plan charged to income amounted to \$1,481,000 in 1966 (1965 none). Past service costs have substantially been provided for and the plan is fully funded if recognition is given to the market value of trust investments.

Note 8 — Lease commitments

At December 31, 1966 annual rent for properties (principally office space) leased to the bank was \$6,378 thousand, including in some cases real estate taxes and other expenses. Rental payments under these leases shown by period of expiration dates of the leases are as follows (in thousands):

1967 - 1976	\$1,636
1977 - 1986	1,178
1987 - 1996	849
1997 - 2006	2,572
2007 - 2011	143
	<u>\$6,378</u>

Net occupancy expense of bank premises for 1966 includes credits for tenants' rentals of \$3,285 thousand of which \$1,330 thousand was received under subleases of properties leased to the bank.

OPINION OF INDEPENDENT ACCOUNTANTS

PRICE WATERHOUSE & CO.

60 Broad Street, New York 10004

January 16, 1967

*To the Board of Directors and Stockholder
of Bankers Trust Company*

In our opinion the statements appearing on pages 24 through 28 of this report present fairly the consolidated financial position of Bankers Trust Company and its subsidiaries at December 31, 1966 and the results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Financial statements of Bankers Trust Company and its subsidiaries for the year 1965 were not audited by us or other independent accountants.

Price Waterhouse & Co.

BANKERS TRUST COMPANY

BOARD OF DIRECTORS

WILLIAM H. MOORE, *Chairman of the Board*

LEWIS A. LAPHAM, *Vice Chairman of the Board*

ALFRED BRITTAIN III, *President*

LEE S. BICKMORE, *President, National Biscuit Company*

JOSEPH F. CULLMAN, 3rd, *Chairman of the Board, Philip Morris Incorporated*

RICHARD C. DOANE, *Chairman of the Board, International Paper Company*

WALLIS B. DUNCKEL, *President, BT New York Corporation*

KEMPTON DUNN, *Chairman of the Board, Abex Corporation*

PAUL A. GORMAN, *President, Western Electric Company, Inc.*

PLATO MALOZEMOFF, *President and Chairman of the Board, Newmont Mining Corporation*

WAYNE C. MARKS, *Armonk, New York*

WALTER A. MARTING, *President, The Hanna Mining Company*

WILLIAM F. MAY, *Chairman of the Board, American Can Company*

GEORGE G. MONTGOMERY, *Chairman of the Board, Kern County Land Company*

WILLIAM A. MORGAN, *Senior Vice President*

HERMAN C. NOLEN, *Chairman of the Board, McKesson & Robbins, Incorporated*

PHILIP D. REED, *Director of various Corporations*

KENNETH RUSH, *President, Union Carbide Corporation*

ANDREW W. TARKINGTON, *President, Continental Oil Company*

WILLIAM T. TAYLOR, *Chairman of the Board, ACF Industries, Incorporated*

WALTER N. THAYER, *President, Whitney Communications Corporation*

E. CLINTON TOWL, *Chairman of the Board, Grumman Aircraft Engineering Corporation*

THOMAS J. WATSON, JR., *Chairman of the Board, International Business Machines Corporation*

FRAZAR B. WILDE, *Chairman Emeritus, Connecticut General Life Insurance Company*

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ADMINISTRATIVE OFFICERS

WILLIAM H. MOORE, *Chairman of the Board*

LEWIS A. LAPHAM, *Vice Chairman of the Board*

ALFRED BRITTAIN III, *President*

CHESTER BAYLIS, JR., *Senior Vice President, International Banking Department*

ROBERT H. BROME, *Senior Vice President and General Counsel*

EDMUND F. EBERT, *Senior Vice President, Metropolitan Banking Department*

JOHN H. MILLIKIN, *Senior Vice President, Administration*

WILLIAM A. MORGAN, *Senior Vice President, Fiduciary*

ROY L. REIERSON, *Senior Vice President, Economics, and Chairman of the Advisory Committee*

HARRY A. WATKINS, *Senior Vice President, National Banking Department*

EXECUTIVE OFFICES

Wall Street—16 Wall Street, New York, N. Y.

Park Avenue—280 Park Avenue, New York, N. Y.

Mailing address:

Post Office Box 318, Church Street Station, New York, N. Y. 10015

Telephone number: 212 577-2345

BANKERS TRUST COMPANY

BANKING OFFICES

Domestic

Manhattan

16 Wall Street Office
Whitehall Street Office
176 Broadway Office
John Street Office
Foley Square Office
East Broadway Office
Delancey Street Office
Varick Street Office
682 Broadway Office
Eighth Avenue Office
1107 Broadway Office
Empire State Office
Seventh Avenue Office
East 39th Street Office
Fifth Avenue Office
Third Avenue Office
West 46th Street Office
Madison Avenue Office
280 Park Avenue Office
Rockefeller Center Office
52nd Street Office
57th Street Office
Lincoln Square Office
67th Street Office
78th Street Office
86th Street Office
94th Street Office
116th Street Office

16 Wall Street, New York, N.Y. 10015
1 Whitehall Street, New York, N.Y. 10004
176 Broadway, New York, N.Y. 10038
99 John Street, New York, N.Y. 10038
2 Lafayette Street, New York, N.Y. 10007
177 East Broadway, New York, N.Y. 10002
85 Delancey Street, New York, N.Y. 10002
207 Varick Street, New York, N.Y. 10014
682 Broadway, New York, N.Y. 10012
80 Eighth Avenue, New York, N.Y. 10011
1107 Broadway, New York, N.Y. 10010
350 Fifth Avenue, New York, N.Y. 10001
550 Seventh Avenue, New York, N.Y. 10018
605 Third Avenue, New York, N.Y. 10016
529 Fifth Avenue, New York, N.Y. 10017
750 Third Avenue, New York, N.Y. 10017
1180 Avenue of the Americas, New York, N.Y. 10036
415 Madison Avenue, New York, N.Y. 10017
280 Park Avenue, New York, N.Y. 10017
51 Rockefeller Plaza, New York, N.Y. 10020
845 Third Avenue, New York, N.Y. 10022
455 Park Avenue, New York, N.Y. 10022
1960 Broadway, New York, N.Y. 10023
1148 Third Avenue, New York, N.Y. 10021
1002 Madison Avenue, New York, N.Y. 10021
1660 Second Avenue, New York, N.Y. 10028
2520 Broadway, New York, N.Y. 10025
1770 Madison Avenue, New York, N.Y. 10035

Bronx

Mott Haven Office
149th Street Office
Prospect Avenue Office
161st Street Office
Hunts Point Office
Bruckner Plaza Office
169th Street Office
Claremont Parkway Office
Burnside Avenue Office
180th Street Office
Perry Avenue Office

256 Willis Avenue, New York, N.Y. 10454
370 East 149th Street, New York, N.Y. 10455
845 East 149th Street, New York, N.Y. 10455
76 East 161st Street, New York, N.Y. 10451
982 Southern Boulevard, New York, N.Y. 10459
880 White Plains Road, New York, N.Y. 10473
273 East 169th Street, New York, N.Y. 10456
3855 Third Avenue, New York, N.Y. 10457
26 West Burnside Avenue, New York, N.Y. 10453
2104 Crotona Parkway, New York, N.Y. 10460
299 East 204th Street, New York, N.Y. 10461

Brooklyn

Montague Street Office
Grand Street Office
Graham Avenue Office
DeKalb Avenue Office
Pitkin Avenue Office
Sutter Avenue Office
Borough Park Office
Bensonhurst Office
Kings Highway Office
Kings Bay Office

205 Montague Street, Brooklyn, N.Y. 11201
317 Grand Street, Brooklyn, N.Y. 11211
47 Graham Avenue, Brooklyn, N.Y. 11206
896 DeKalb Avenue, Brooklyn, N.Y. 11221
1756 Pitkin Avenue, Brooklyn, N.Y. 11212
574 Sutter Avenue, Brooklyn, N.Y. 11207
4410 13th Avenue, Brooklyn, N.Y. 11219
8603 21st Avenue, Brooklyn, N.Y. 11214
1321 Kings Highway, Brooklyn, N.Y. 11229
3851 Nostrand Avenue, Brooklyn, N.Y. 11235

Queens

Long Island City Office
Jackson Heights Office
Rego Park Office
College Point Office
Flushing Office
Van Wyck Office
Jamaica Office
Turnpike Office
Bayside Office
Oakland Office
Little Neck Office

Bridge Plaza North, Long Island City, N.Y. 11101
77-01 31st Avenue, Jackson Heights, N.Y. 11370
97-03 Queens Boulevard, Rego Park, N.Y. 11374
132-10 14th Avenue, College Point, N.Y. 11356
36-63 Main Street, Flushing, N.Y. 11354
138-02 Queens Boulevard, Jamaica, N.Y. 11435
92-11 Union Hall Street, Jamaica, N.Y. 11433
186-03 Union Turnpike, Flushing, N.Y. 11366
41-22 Bell Boulevard, Bayside, N.Y. 11361
221-50 Horace Harding Boulevard, Bayside, N.Y. 11364
250-01 Northern Boulevard, Little Neck, N.Y. 11363



Richmond

Castleton Corners Office
New Dorp Office
Great Kills Office

1785 Victory Boulevard, Staten Island, N.Y. 10314
2630 Hylan Boulevard, Staten Island, N.Y. 10306
3996 Amboy Road, Staten Island, N.Y. 10308

Nassau County

North New Hyde Park Office
Rockville Centre Office
Jericho Office
Farmingdale Office

1636 Marcus Avenue, North New Hyde Park, N.Y. 11042
301 Sunrise Highway, Rockville Centre, N.Y. 11570
333 North Broadway, Jericho, N.Y. 11753
170 Conklin Street, Farmingdale, N.Y. 11736

Boston

Bond Department
Representative Office

10 Post Office Square, Boston, Massachusetts 02109

International

LONDON

9 Queen Victoria Street, London, E.C.4., England
34 Grosvenor Square, London, W.1., England

FRANKFURT

Kleiner Hirschgraben 16, 6 Frankfurt, Germany (Representative Office)

PARIS

16 Place Vendôme, Paris I, France (Representative Office)

ROME

76 Via Bissolati, Rome, Italy (Representative Office)

MEXICO CITY

Torre Latinoamericana, San Juan de Letran 2, Mexico 1, D.F., Mexico
(Representative Office)

BEIRUT

Shaker Oueini Building, Place Riad Solh, Beirut, Lebanon (P.O. Box 6239)
(Representative Office)

MANILA

CBTC Building, Ayala Avenue, Makati, Rizal, Philippines (P.O. Box 341 Manila)
(Representative Office)

SYDNEY

50 Young Street, Sydney, N.S.W., Australia (Representative—BT Australia Pty. Ltd.)

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Affiliated Institutions

BELGIUM

Banque du Benelux, 9 Grote Markt, Antwerp 1

FRANCE

Banque de Suez et de l'Union des Mines, 44 Rue de Courcelles, 75 — Paris VIII

GERMANY

Deutsche Unionbank, Goetheplatz 1-3, Frankfurt am Main 1

LUXEMBOURG

Bankers International (Luxembourg), Société
Anonyme de Participations Financières, 37 Rue Notre-Dame, Luxembourg

COLOMBIA

Corporacion Financiera Nacional, Calle 50, 51-75, Medellin
(Apartado Aereo 1039)

PHILIPPINES

Bancom Development Corp., CBTC Building, Ayala Avenue,
Makati, Rizal (P.O. Box 1852 Manila)

REPUBLIC OF CHINA

China Securities Investment Corp., 59 Kuan Chien Road, Taipei, Taiwan

CAMEROUN

Société Générale de Banques au Cameroun, Rue
Monseigneur Vogt, Yaoundé (B.P. 244)

REPUBLIC OF THE CONGO

Société Générale de Banques au Congo, Place
de la Poste, Brazzaville (B.P. 122)

IVORY COAST

Société Générale de Banques en Côte d'Ivoire,
14 Avenue Delafosse, Abidjan (B.P. 1355)

LIBERIA

The Liberian Trading and Development Bank Ltd. — Tradevco,
Ashmun Street, Monrovia (P.O. Box 293)

NIGERIA

United Bank for Africa, Limited, 47 Marina,
Lagos (P.O. Box 2406)

SENEGAL

Société Générale de Banques au Sénégal, 19
Avenue Roume, Dakar (B.P. 323)

TUNISIA

Banque de Tunisie, 3 Avenue de France, Tunis

FIRST TRUST COMPANY OF ALBANY

STATEMENT OF CONDITION

	DECEMBER 31		
	1966	1965	CHANGE
ASSETS			
Cash and Due from Banks	\$ 21,789,000	\$ 27,092,000	—\$5,303,000
U. S. Government Obligations	32,204,000	39,131,000	— 6,927,000
State and Municipal Obligations	35,952,000	30,633,000	+ 5,319,000
Other Securities	257,000	227,000	+ 30,000
Loans, less reserve for possible loan losses			
1966—\$3,116,000 1965—\$3,116,000	67,001,000	60,802,000	+ 6,199,000
Bank Premises and Equipment, less depreciation			
1966—\$1,603,000 1965—\$1,563,000	1,652,000	1,595,000	+ 57,000
Customers' Liability on Acceptances	20,000	23,000	— 3,000
Other Assets	1,103,000	948,000	+ 155,000
Total Assets	<u>\$159,978,000</u>	<u>\$160,451,000</u>	<u>—\$ 473,000</u>
LIABILITIES			
Deposits—Demand	\$ 84,771,000	\$ 92,670,000	—\$7,899,000
—Time	60,117,000	53,673,000	+ 6,444,000
Total	<u>\$144,888,000</u>	<u>\$146,343,000</u>	<u>—\$1,455,000</u>
Bank's Liability on Acceptances	20,000	23,000	— 3,000
Reserve for Taxes and Accrued Expense	749,000	816,000	— 67,000
Dividends Payable	91,000	91,000	—
Other Liabilities	3,688,000	3,596,000	+ 92,000
Total Liabilities	<u>\$149,436,000</u>	<u>\$150,869,000</u>	<u>—\$1,433,000</u>
CAPITAL			
Stockholder's Equity:			
Capital Stock (Par Value \$10 per share)			
Authorized and Outstanding			
302,630 shares	\$ 3,026,000	\$ 3,026,000	\$ —
Surplus	3,840,000	2,840,000	+ 1,000,000
Undivided Profits	2,636,000	2,690,000	— 54,000
Investment Securities Reserve	690,000	676,000	+ 14,000
Reserve for Contingencies	350,000	350,000	—
Total Stockholder's Equity and Capital	<u>\$ 10,542,000</u>	<u>\$ 9,582,000</u>	<u>+\$ 960,000</u>
Total Liabilities and Capital	<u>\$159,978,000</u>	<u>\$160,451,000</u>	<u>—\$ 473,000</u>

See notes to financial statements.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

FIRST TRUST COMPANY OF ALBANY

STATEMENT OF INCOME

	YEAR ENDED DECEMBER 31		
	1966	1965	CHANGE
OPERATING REVENUE			
Interest and Fees on Loans	\$4,742,000	\$4,151,000	+\$591,000
Interest and Dividends			
U. S. Government Obligations	1,128,000	1,017,000	+ 111,000
State and Municipal Obligations	906,000	767,000	+ 139,000
Other Securities	11,000	11,000	—
Trust and Custodian Fees	45,000	21,000	+ 24,000
Deposit Account Service Charges	468,000	462,000	+ 6,000
Other Operating Revenue	36,000	34,000	+ 2,000
Total Operating Revenue	<u>\$7,336,000</u>	<u>\$6,463,000</u>	<u>+\$873,000</u>
OPERATING EXPENSE			
Salaries	\$1,530,000	\$1,400,000	+\$130,000
Employee Benefits and Social Security	293,000	242,000	+ 51,000
Interest on Deposits	2,238,000	1,977,000	+ 261,000
Interest on Borrowed Funds	18,000	11,000	+ 7,000
Net Occupancy Expense of Bank Premises	368,000	301,000	+ 67,000
Equipment Expense	212,000	203,000	+ 9,000
Other Operating Expense	635,000	587,000	+ 48,000
Total Operating Expense	<u>\$5,294,000</u>	<u>\$4,721,000</u>	<u>+\$573,000</u>
OPERATING EARNINGS			
Operating Earnings before Income Taxes	\$2,042,000	\$1,742,000	+\$300,000
Income Taxes on Operating Earnings	559,000	516,000	+ 43,000
NET OPERATING EARNINGS	<u>\$1,483,000</u>	<u>\$1,226,000</u>	<u>+\$257,000</u>
Non-Operating Additions			
Net Profit on Investment Securities Sold after taxes			
1965—\$ 4,000	\$ —	\$ 10,000	—\$ 10,000
All Other after taxes			
1966—\$ 34,000 1965—\$ 7,000	31,000	7,000	+ 24,000
Total Non-Operating Additions	<u>\$ 31,000</u>	<u>\$ 17,000</u>	<u>+\$ 14,000</u>
Non-Operating Deductions			
Net Loss on Investment Securities Sold after taxes			
1966—\$115,000	\$ 118,000	\$ —	+\$118,000
Transfers to Reserve for Possible Loan Losses after taxes			
1966—\$ 62,000 1965—\$37,000	68,000	37,000	+ 31,000
All Other after taxes			
1966—\$ 7,000	5,000	—	+ 5,000
Total Non-Operating Deductions	<u>\$ 191,000</u>	<u>\$ 37,000</u>	<u>+\$154,000</u>
Transferred to Undivided Profits	<u>\$1,323,000</u>	<u>\$1,206,000</u>	<u>+\$117,000</u>

See notes to financial statements.

FIRST TRUST COMPANY OF ALBANY

SUMMARY OF CHANGES IN CAPITAL

Capital Stock, Surplus, Undivided Profits, Investment Securities Reserve,
and Reserve for Contingencies

	1966	1965
Balance January 1	\$ 9,582,000	\$7,920,000
Capital Stock		
From Surplus—Stock Dividend	—	1,433,000
Acquisition—National Bank of Windham	—	160,000
Surplus		
Additions:		
From Undivided Profits	1,000,000	1,033,000
Acquisition—National Bank of Windham ..	—	40,000
Deduction:		
To Capital Stock—Stock Dividend	—	—1,433,000
Undivided Profits		
Additions:		
From Statement of Income	1,323,000	1,206,000
Acquisition—National Bank of Windham ..	—	198,000
From Reserve for Taxes	—	100,000
From Reserve for Contingencies	—	200,000
From Investment Securities Reserve		
Net Loss on Investment Securities		
Sold after taxes	118,000	—
Accretion of Bond Discount applicable to		
period prior to 1/1/65 and Other Credits		
after taxes	—	321,000
Deductions:		
To Surplus	—1,000,000	—1,033,000
To Investment Securities Reserve		
Net Profit on Investment		
Securities Sold after taxes	—	—5,000
Annual Accretion of Bond Discount		
after taxes	—132,000	—86,000
Accretion of Bond Discount applicable		
to period prior to 1/1/65 after taxes ...	—	—290,000
Cash Dividends Declared	—363,000	—363,000
Investment Securities Reserve		
Additions:		
From Undivided Profits		
Net Profit on Investment		
Securities Sold after taxes	—	5,000
Annual Accretion of Bond Discount		
after taxes	132,000	86,000
Accretion of Bond Discount applicable		
to period prior to 1/1/65 after taxes ...	—	290,000
Deductions:		
To Undivided Profits		
Net Loss on Investment		
Securities Sold after taxes	—118,000	—
Reserve for Contingencies		
To Undivided Profits	—	—200,000
Balance December 31	<u>\$10,542,000</u>	<u>\$9,582,000</u>

See notes to financial statements.

FIRST TRUST COMPANY OF ALBANY

NOTES TO FINANCIAL STATEMENTS

Note 1 — Organization

The First Trust Company of Albany is a wholly owned subsidiary of BT New York Corporation.

Note 2 — Securities

Investments are stated at cost adjusted for accumulation of discount to maturity and amortization of premiums to first call or maturity date.

The market value of securities at December 31, 1966 is approximately as follows (amounts in thousands):

U. S. Government Obligations	\$32,020
State and Municipal Obligations	35,029
Other Securities	244
	<u>\$67,293</u>

The maturities of U. S. Government and State and Municipal investment securities at December 31, 1966 were as follows (amounts in thousands):

	Within 1 year	1-2 years	2-5 years	5-10 years	over 10 years	Total	Average Life
U. S. Government Obligations	\$13,101	\$3,218	\$10,948	\$4,937	—	\$32,204	2 yrs. 4½ mos.
State and Municipal Obligations	\$15,906	\$1,935	\$ 4,512	\$6,280	\$7,319	\$35,952	4 yrs. 11 mos.

Note 3 — Assets pledged

Investment securities with a book value of \$63,237,000 are pledged to secure public funds on deposit and for other purposes required by law.

Note 4 — Reserve for possible loan losses

An analysis of the changes in the reserve for possible loan losses follows:

	1966 (in thousands)	1965
Balance January 1	\$3,116	\$3,108
Transfers to reserve for possible loan losses	130	74
Recoveries on loans previously charged off	36	26
Credit arising from merger — National Bank of Windham	—	9
	<u>\$3,282</u>	<u>\$3,217</u>
Loans charged off to reserve	166	101
Balance December 31	<u>\$3,116</u>	<u>\$3,116</u>

Note 5 — Bank premises and equipment

A summary of banking houses and furniture and fixtures, net of accumulated depreciation, stated substantially on the same basis for book and tax purposes, is shown in the following tabulation (amounts in thousands):

	Cost	Accumulated depreciation and amortization	Net
Banking houses	\$2,845	\$1,461	\$1,384
Furniture and fixtures	359	140	219
Leasehold improvements	51	2	49
	<u>\$3,255</u>	<u>\$1,603</u>	<u>\$1,652</u>

Note 6 — Pension plan

The bank's non-contributory pension plan was established in 1953 and subsequently amended. During 1966 contributions to the plan of \$129,000 represented \$94,000 for current service and \$35,000 for past service costs. At December 31, 1966 the unfunded past service liability of the revised plan is approximately \$207,000, and is being funded at the annual rate of 10% of the initial past service base.

Note 7 — The North Creek National Bank

On November 3, 1966, the bank entered into a three party agreement with BT New York Corporation and The North Creek National Bank, North Creek, New York for a plan of merger. Under the terms of the agreement all the outstanding capital stock of The North Creek National Bank will be surrendered in exchange for capital stock of BT New York Corporation at the rate of $2\frac{1}{2}$ shares of BT New York Corporation for each share of stock of The North Creek National Bank. Before the agreement becomes effective, approval must be secured from the appropriate supervisory authorities. If the merger is consummated The North Creek National Bank will become a branch of the First Trust Company of Albany.

OPINION OF INDEPENDENT ACCOUNTANTS

PEAT, MARWICK, MITCHELL & CO. 111 Washington Avenue, Albany, N. Y. 12210
January 10, 1967

*To the Board of Directors and Stockholder
of First Trust Company of Albany:*

We have examined the statement of condition of First Trust Company of Albany as of December 31, 1966 and the related statements of income and summary of changes in capital for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The financial statements for 1965 were not audited by independent accountants.

In our opinion, the accompanying financial statements present fairly the financial position of First Trust Company of Albany at December 31, 1966 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

FIRST TRUST COMPANY OF ALBANY

BOARD OF DIRECTORS

- EDWARD S. ROONEY, *President and Chairman of the Board*
- EDGAR A. SANDMAN, *Executive Vice President and Treasurer*
- SIGURD J. ANDERSON, *East Schodack, New York*
- SYLVESTER F. BATTAGLIA, *President, Caruso, Rinella & Battaglia Company, Inc.*
- JOHN A. BECKER, *Castleton on Hudson, New York*
- CHARLES BUCHMAN, *President, Albany Enterprises, Inc.*
- THOMAS H. BUTTS, *President, Ready Mix and Supply Corporation*
- JOHN F. CAMPBELL, *Loudonville, New York*
- EUGENE P. DEVINE, *Attorney, Cooper, Erving and Savage*
- WALLIS B. DUNCKEL, *President, BT New York Corporation*
- JOHN E. McELROY, *Menands, New York*
- HENRY QUELLMALZ, *President, Boyd Printing Company, Inc.*
- LEON F. SWEARS, *President, Leon F. Swears, Inc.*
- ARTHUR J. WALLINGFORD, M.D., *Physician*

OFFICERS

- EDWARD S. ROONEY, *President and Chairman of the Board*
- EDGAR A. SANDMAN, *Executive Vice President and Treasurer*
- GEORGE E. HANNER, *Senior Vice President*
- RICHARD F. LINDSTROM, *Senior Vice President*
- T. FRANCIS CONNERY, *Vice President and Trust Officer*
- G. BRANDON DONAHUE, *Vice President*
- ROBERT D. LEYDEN, *Vice President*
- JOHN A. SMITH, *Vice President*
- DAVID W. O'CONNOR, *Secretary*

BANKING OFFICES

Main Office	State and Broadway, Albany, N. Y. 12201
South End Office	135 South Pearl Street, Albany, N. Y. 12202
West End Office	581 Central Avenue, Albany, N. Y. 12206
Washington Ave. Office	252 Washington Avenue, Albany, N. Y. 12210
Delaware Ave. Office	405 Delaware Avenue, Albany, N. Y. 12209
Colonie Office	1230 Central Avenue, Albany, N. Y. 12205
Western Ave. Office	1215 Western Avenue, Albany, N. Y. 12203
Johnstown Office	106 West Main Street, Johnstown, N. Y. 12095
Broadalbin Office	9 North Main Street, Broadalbin, N. Y. 12025
Windham Office	Windham, N. Y. 12496
Hunter-Tannersville Office	Tannersville, N. Y. 12485

THE FIRST STATE BANK OF SPRING VALLEY

STATEMENT OF CONDITION

	DECEMBER 31		
	1966	1965	CHANGE
ASSETS			
Cash and Due from Banks	\$ 3,608,000	\$ 3,481,000	+\$ 127,000
U. S. Government Obligations	6,347,000	5,760,000	+ 587,000
State and Municipal Obligations	5,992,000	9,567,000	— 3,575,000
Other Securities	153,000	576,000	— 423,000
Loans, less reserve for possible loan losses			
1966—\$102,000 1965—\$103,000	27,620,000	28,702,000	— 1,082,000
Bank Premises and Equipment, less depreciation			
1966—\$526,000 1965—\$409,000	1,140,000	944,000	+ 196,000
Other Assets	49,000	40,000	+ 9,000
Total Assets	<u>\$44,909,000</u>	<u>\$49,070,000</u>	<u>—\$4,161,000</u>
LIABILITIES			
Deposits—Demand	\$16,648,000	\$16,725,000	—\$ 77,000
—Time	24,171,000	28,645,000	— 4,474,000
Total	<u>\$40,819,000</u>	<u>\$45,370,000</u>	<u>—\$4,551,000</u>
Reserve for Taxes and Accrued Expense	270,000	231,000	+ 39,000
Other Liabilities	71,000	81,000	— 10,000
Total Liabilities	<u>\$41,160,000</u>	<u>\$45,682,000</u>	<u>—\$4,522,000</u>
CAPITAL			
Capital Notes 4.80% due 1975	—	\$ 480,000	—\$ 480,000
Stockholder's Equity:			
Capital Stock (Par Value \$10 per share)			
Authorized and Outstanding			
150,000 shares	\$ 1,500,000	\$ 728,000	+\$ 772,000
Surplus	1,600,000	1,850,000	— 250,000
Undivided Profits	610,000	276,000	+ 334,000
Reserve for Contingencies	39,000	54,000	— 15,000
Total Stockholder's Equity	<u>\$ 3,749,000</u>	<u>\$ 2,908,000</u>	<u>+\$ 841,000</u>
Total Capital	<u>\$ 3,749,000</u>	<u>\$ 3,388,000</u>	<u>+\$ 361,000</u>
Total Liabilities and Capital	<u>\$44,909,000</u>	<u>\$49,070,000</u>	<u>—\$4,161,000</u>

See notes to financial statements.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

THE FIRST STATE BANK OF SPRING VALLEY

STATEMENT OF INCOME

	YEAR ENDED DECEMBER 31		
	1966	1965	CHANGE
OPERATING REVENUE			
Interest and Fees on Loans	\$1,900,000	\$1,774,000	+\$126,000
Interest and Dividends			
U. S. Government Obligations	224,000	214,000	+ 10,000
State and Municipal Obligations	263,000	199,000	+ 64,000
Other Securities	21,000	2,000	+ 19,000
Deposit Account Service Charges	173,000	138,000	+ 35,000
Other Operating Revenue	29,000	33,000	— 4,000
Total Operating Revenue	<u>\$2,610,000</u>	<u>\$2,360,000</u>	<u>+\$250,000</u>
OPERATING EXPENSE			
Salaries	\$ 433,000	\$ 409,000	+\$ 24,000
Bonus	76,000	71,000	+ 5,000
Employee Benefits and Social Security	57,000	53,000	+ 4,000
Interest on Deposits	962,000	931,000	+ 31,000
Interest on Borrowed Funds	10,000	7,000	+ 3,000
Interest on Capital Notes	13,000	7,000	+ 6,000
Net Occupancy Expense of Bank Premises	207,000	217,000	— 10,000
Equipment Expense	82,000	109,000	— 27,000
Other Operating Expense	324,000	274,000	+ 50,000
Total Operating Expense	<u>\$2,164,000</u>	<u>\$2,078,000</u>	<u>+\$ 86,000</u>
OPERATING EARNINGS			
Operating Earnings before Income Taxes	\$ 446,000	\$ 282,000	+\$164,000
Income Taxes on Operating Earnings	<u>88,000</u>	<u>148,000</u>	<u>— 60,000</u>
NET OPERATING EARNINGS	<u>\$ 358,000</u>	<u>\$ 134,000</u>	<u>+\$224,000</u>
Non-Operating Additions			
Net Profit on Investment Securities Sold after taxes			
1965—\$ 2,000	\$ —	\$ 6,000	—\$ 6,000
All Other after taxes			
1966—\$24,000 1965—\$ 6,000	<u>75,000</u>	<u>5,000</u>	<u>+ 70,000</u>
Total Non-Operating Additions	<u>\$ 75,000</u>	<u>\$ 11,000</u>	<u>+\$ 64,000</u>
Non-Operating Deductions			
Net Loss on Investment Securities Sold after taxes			
1966—\$18,000	\$ 18,000	\$ —	+\$ 18,000
Transfers to Reserve for Possible Loan Losses after taxes			
1966—\$45,000 1965—\$25,000	<u>45,000</u>	<u>25,000</u>	<u>+ 20,000</u>
All Other after taxes			
1966—\$ 3,000	<u>3,000</u>	<u>—</u>	<u>+ 3,000</u>
Total Non-Operating Deductions	<u>\$ 66,000</u>	<u>\$ 25,000</u>	<u>+\$ 41,000</u>
Transferred to Undivided Profits	<u>\$ 367,000</u>	<u>\$ 120,000</u>	<u>+\$247,000</u>

See notes to financial statements.



THE FIRST STATE BANK OF SPRING VALLEY

SUMMARY OF CHANGES IN CAPITAL

Capital Notes, Capital Stock, Surplus, Undivided Profits and Reserve for Contingencies

	1966	1965
Balance January 1	\$3,388,000	\$2,814,000
Capital Notes Due 1975		
Issued	—	500,000
Retired	—480,000	—20,000
Capital Stock		
From Surplus—To reflect increase in aggregate par value of new shares	772,000	—
From Undivided Profits—Stock Dividend	—	28,000
Surplus		
Additions:		
From Undivided Profits	22,000	50,000
Capital Contribution from BT New York Corporation	500,000	—
Deduction:		
To Capital Stock — To reflect increase in aggregate par value of new shares	—772,000	—
Undivided Profits		
Additions:		
From Statement of Income	367,000	120,000
From Reserve for Contingencies	15,000	—
Deductions:		
To Capital Stock — Stock Dividend	—	—28,000
To Surplus	—22,000	—50,000
To Reserve for Contingencies	—	—4,000
Cash Dividends Declared	—26,000	—26,000
Reserve for Contingencies		
To Undivided Profits	—15,000	—
From Undivided Profits	—	4,000
Balance December 31	<u>\$3,749,000</u>	<u>\$3,388,000</u>

See notes to financial statements.

THE FIRST STATE BANK OF SPRING VALLEY

NOTES TO FINANCIAL STATEMENTS

Note 1 — Organization and principles of accounting

The First State Bank of Spring Valley is a wholly owned subsidiary of BT New York Corporation. The bank maintains its accounts on a modified cash basis. Income on investment securities and mortgage loans is taken into earnings when the cash is received. Income on commercial and installment loans is taken into earnings when the loans are granted. Interest on time deposits and Federal income tax were accrued at December 31, 1966. All other expenses, except insurance premiums which are expensed over the term of the policies, are charged to the respective expense accounts when the cash is disbursed.

Note 2 — Securities

Prior to 1966, investment bonds purchased at a cost in excess of par were carried at par and the excess cost was charged to non-operating deductions. The excess cost (\$24,939) of the bonds on hand at December 31, 1966 was added to the bond account. Non-operating additions reflect this credit reduced by (\$12,463) amortization on these bonds applicable to periods prior to January 1, 1966. Amortization for 1966 (\$2,274) was charged to interest and dividends.

Investment bonds purchased below par are carried at cost adjusted for accretion of bond discount at December 31, 1966. Such securities were carried at cost in prior years. The accretion (\$86,854) applicable to periods prior to January 1, 1966 was credited to non-operating additions after a tax reduction (\$23,746). Accretion (\$29,032) for 1966 was included in interest and dividends and applicable income taxes (\$7,937) were included in income taxes on operating earnings.

The estimated market value of investment securities at December 31, 1966, was as follows (amounts in thousands):

U. S. Government Obligations	\$ 6,147
State and Municipal Obligations	5,451
Other Securities	150
	<u>\$11,748</u>



The maturities of U. S. Government and State and Municipal investment securities at December 31, 1966 were as follows (amounts in thousands):

	Within 1 year	1-2 years	2-5 years	5-10 years	over 10 years	Total	Average Life
U. S. Government Obligations	\$1,881	\$261	\$1,446	\$2,118	\$ 642	\$6,348	4 yrs. 10 mos.
State and Municipal Obligations	\$ 330	\$526	\$ 920	\$2,793	\$1,423	\$5,992	7 yrs. 3 mos.

Note 3 — Assets pledged

Investment bonds with a book value at December 31, 1966 of \$6,721,000 were pledged to secure public funds on deposit and for other purposes required by law.

Note 4 — Reserve for possible loan losses

An analysis of the changes in the reserve for possible loan losses follows:

	1966	1965
	(in thousands)	
Balance January 1	\$103	\$ 82
Transfers to reserve for possible loan losses	90	50
Recoveries on loans previously charged off	57	30
	<u>\$250</u>	<u>\$162</u>
Loans charged off to reserve	148	59
Balance December 31	<u>\$102</u>	<u>\$103</u>

Note 5 — Bank premises and equipment

A summary of bank premises and equipment is shown in the following tabulation (amounts in thousands):

Banking houses	\$ 575
Leasehold improvements	387
Furniture and fixtures	178
	<u>\$1,140</u>

Depreciation has not been computed under a formal accounting method. Annual depreciation charges have been determined by management. In some instances prior to 1966, land, furniture and equipment have been capitalized while in other instances it has been expensed when purchased.

According to the bank's Federal income tax computations for the year 1966, the tax basis (cost in the case of land, and cost less service life depreciation in the case of other assets) of the banking houses, leasehold improvements and furniture and fixtures at December 31, 1966, was approximately \$290,000 in excess of the book basis of such assets.

Note 6 — Pension plan

The bank is a member of the New York State Bankers Retirement System. Under the system contributions are made by both employers and employees and pension payments are made to employees at normal retirement age, 65, based upon salary and years of service. During 1966, the bank contributed \$15,608. All past service costs have been funded.

Note 7 — Lease commitments

At December 31, 1966, annual rent for properties leased to the bank was \$30,000 including in some cases real estate taxes and other expenses. Rental payments under these leases shown by period of expiration dates of the leases are as follows (amounts in thousands):

1977 - 1986	\$16
1987 - 1996	14
	<u>\$30</u>

OPINION OF INDEPENDENT ACCOUNTANTS

EDWARD R. BURT & COMPANY

608 Fifth Avenue, New York, New York

January 9, 1967

*To the Board of Directors and Stockholder
of The First State Bank of Spring Valley*

We have examined the statement of condition of The First State Bank of Spring Valley as of December 31, 1966 and the related statements of income and summary of changes in capital for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The financial statements for 1965 were not audited by independent accountants.

In our opinion, the accompanying financial statements present fairly the financial position of The First State Bank of Spring Valley at December 31, 1966 and the results of its operations for the year then ended, in conformity with the accounting principles described in Note 1 which differ from generally accepted accounting principles in certain respects. The accounting principles as described in Note 1 were applied on a basis consistent with that of the preceding year except for the items described in Note 2, the change of which we approve.

Edward R. Burt & Company

THE FIRST STATE BANK OF SPRING VALLEY

DIRECTORS

CHARLES W. HAWKINS, *President*
DANIEL T. BRUCKER, *Attorney*
HERBERT A. BURNS, *Spring Valley, New York*
ANTHONY A. CUCOLO, *Suffern, New York*
CLARENCE E. ERICKSON, *Spring Valley, New York*
HERMAN W. HEIDGERD, *Monsey, New York*
CHARLES H. HOOLE, *Stony Point, New York*
CHARLES L. HULSWIT, *West Nyack, New York*
JOHN W. HANNON, JR., *First Vice President, Bankers Trust Company*
IRVING G. KENNEDY, *Attorney*
A. KENNETH MORGAN, *General Manager, Palisades Interstate Park Commission*
ALBERT W. MUNSON, D.D.S., *Dentist*
NATHAN A. ROBINS, *Spring Valley, New York*
HAROLD T. SHERWOOD, *Attorney*
ROBERT L. YEAGER, M.D., *Director, Summit Park Sanitorium*

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OFFICERS

CHARLES W. HAWKINS, *President*
JAY D. NORTHRUP, *Executive Vice President*
CLIFFORD F. SUMMERS, JR., *Vice President and Secretary*
LOUIS T. BOECHER, *Vice President*
HAROLD E. McLEOD, *Vice President*
ALBERT W. MUNSON, *Vice President*

BANKING OFFICES

Spring Valley Office 65 North Main Street, Spring Valley, N. Y. 10977
Pearl River Office Middletown Road, Pearl River, N. Y. 10965
Hillcrest Office Hillcrest Shopping Mall, Spring Valley, N. Y. 10977
Sparkill Office Main Street, Sparkill, N. Y. 10976
Suffern Office #59 Route 59, Suffern, N. Y. 10901
Stony Point Office Route 9W at Central Drive, Stony Point, N. Y. 10980
New City Office 297 South Main Street, New City, N. Y. 10956
Tappan Office 80 Old Tappan Road, Tappan, N. Y. 10983
West Haverstraw Office 45 Samsondale Plaza, West Haverstraw, N. Y. 10993

THE FALLKILL BANK AND TRUST COMPANY

STATEMENT OF CONDITION

	DECEMBER 31		
	1966	1965	CHANGE
ASSETS			
Cash and Due from Banks	\$ 2,367,000	\$ 2,552,000	—\$185,000
U. S. Government Obligations	3,467,000	4,257,000	— 790,000
State and Municipal Obligations	2,279,000	1,719,000	+ 560,000
Other Securities	55,000	53,000	+ 2,000
Loans, less reserve for possible loan losses			
1966—\$ 95,000 1965—\$ 35,000	9,231,000	8,576,000	+ 655,000
Bank Premises and Equipment, less depreciation			
1966—\$481,000 1965—\$469,000	328,000	337,000	— 9,000
Other Assets	58,000	18,000	+ 40,000
Total Assets	<u>\$17,785,000</u>	<u>\$17,512,000</u>	<u>+\$273,000</u>
LIABILITIES			
Deposits—Demand	\$10,461,000	\$11,028,000	—\$567,000
—Time	4,859,000	4,106,000	+ 753,000
Total	\$15,320,000	\$15,134,000	+\$186,000
Reserve for Taxes and Accrued Expense	94,000	112,000	— 18,000
Dividends Payable	27,000	27,000	—
Other Liabilities	328,000	321,000	+ 7,000
Total Liabilities	<u>\$15,769,000</u>	<u>\$15,594,000</u>	<u>+\$175,000</u>
CAPITAL			
Stockholder's Equity:			
Capital Stock (Par Value \$20 per share)			
Authorized and Outstanding			
12,500 shares	\$ 250,000	\$ 250,000	\$ —
Surplus	1,250,000	1,250,000	—
Undivided Profits	409,000	308,000	+ 101,000
Investment Securities Reserve	17,000	20,000	— 3,000
Reserve for Contingencies	90,000	90,000	—
Total Stockholder's Equity and Capital	<u>\$ 2,016,000</u>	<u>\$ 1,918,000</u>	<u>+\$ 98,000</u>
Total Liabilities and Capital	<u>\$17,785,000</u>	<u>\$17,512,000</u>	<u>+\$273,000</u>

See notes to financial statements.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

THE FALLKILL BANK AND TRUST COMPANY

STATEMENT OF INCOME

	YEAR ENDED DECEMBER 31		
	1966	1965	CHANGE
OPERATING REVENUE			
Interest and Fees on Loans	\$ 625,000	\$577,000	+\$48,000
Interest and Dividends			
U. S. Government Obligations	159,000	157,000	+ 2,000
State and Municipal Obligations	54,000	37,000	+ 17,000
Other Securities	3,000	3,000	—
Trust and Custodian Fees	22,000	25,000	— 3,000
Deposit Account Service Charges	121,000	122,000	— 1,000
Other Operating Revenue	16,000	16,000	—
Total Operating Revenue	<u>\$1,000,000</u>	<u>\$937,000</u>	<u>+\$63,000</u>
OPERATING EXPENSE			
Salaries	\$ 282,000	\$284,000	—\$ 2,000
Employee Benefits and Social Security	42,000	34,000	+ 8,000
Interest on Deposits	157,000	123,000	+ 34,000
Interest on Borrowed Funds	3,000	2,000	+ 1,000
Net Occupancy Expense of Bank Premises	61,000	69,000	— 8,000
Equipment Expense	—	7,000	— 7,000
Other Operating Expense	176,000	150,000	+ 26,000
Total Operating Expense	<u>\$ 721,000</u>	<u>\$669,000</u>	<u>+\$52,000</u>
OPERATING EARNINGS			
Operating Earnings before Income Taxes	\$ 279,000	\$268,000	+\$11,000
Income Taxes on Operating Earnings	<u>110,000</u>	<u>108,000</u>	<u>+ 2,000</u>
NET OPERATING EARNINGS	<u>\$ 169,000</u>	<u>\$160,000</u>	<u>+\$ 9,000</u>
Non-Operating Additions			
All Other after taxes			
1966—\$ 5,000	<u>\$ 29,000</u>	<u>—</u>	<u>+\$29,000</u>
Total Non-Operating Additions	<u>\$ 29,000</u>	<u>—</u>	<u>+\$29,000</u>
Non-Operating Deductions			
Net Loss on Investment Securities Sold after taxes			
1966—\$ 2,000	<u>\$ 3,000</u>	<u>\$ —</u>	<u>+\$ 3,000</u>
Transfers to Reserve for Possible Loan Losses after taxes			
1966—\$31,000 1965—\$9,000	<u>36,000</u>	<u>10,000</u>	<u>+ 26,000</u>
Total Non-Operating Deductions	<u>\$ 39,000</u>	<u>\$ 10,000</u>	<u>+\$29,000</u>
Transferred to Undivided Profits	<u>\$ 159,000</u>	<u>\$150,000</u>	<u>+\$ 9,000</u>

See notes to financial statements.

THE FALLKILL BANK AND TRUST COMPANY SUMMARY OF CHANGES IN CAPITAL

Capital Stock, Surplus, Undivided Profits, Investment Securities Reserve,
and Reserve for Contingencies

	1966	1965
Balance January 1	\$1,918,000	\$1,829,000
Capital Stock	—	—
Surplus	—	—
Undivided Profits		
Additions:		
From Statement of Income	159,000	150,000
From Investment Securities Reserve		
Net Loss on Investment Securities		
Sold after taxes	3,000	—
Deduction:		
Cash Dividends Declared	—61,000	—61,000
Investment Securities Reserve		
To Undivided Profits		
Net Loss on Investment Securities		
Sold after taxes	—3,000	—
Reserve for Contingencies	—	—
Balance December 31	<u>\$2,016,000</u>	<u>\$1,918,000</u>

See notes to financial statements.

THE FALLKILL BANK AND TRUST COMPANY

NOTES TO FINANCIAL STATEMENTS

Note 1 — Organization and principles of accounting

The Fallkill Bank and Trust Company is a wholly owned subsidiary of BT New York Corporation. The bank maintains its accounts on a modified cash basis. Except for installment loans, income on loans is included in earnings when loans are granted or interest payments are received. Installment loan income is taken into earnings on an accrual basis. Interest and dividends on investment securities are credited to earnings upon receipt of the cash. Income taxes, federal deposit insurance and interest on deposits are accrued. Insurance premiums are expensed over the term of the policies. All other income and expenses are taken into account when the cash is received or disbursed.

Note 2 — Securities

Investment securities purchased above par are carried at amortized cost and income is charged with the appropriate amount of amortization each year.

Investment securities purchased below par are stated at cost adjusted for accretion of discount at December 31, 1966. In prior years, such securities were stated at cost. Accretion related to securities held at December 31, 1966 was \$12,883 for years prior to 1966 and \$4,013 for 1966 after tax effects of \$4,847 and \$1,510 respectively.

The market value of investment securities at December 31, 1966 was approximately as follows (amounts in thousands):

U. S. Government Obligations	\$3,450
State and Municipal Obligations	2,208
Other Securities	55
	<u>\$5,713</u>

The maturities of investment securities at December 31, 1966 were as follows (amounts in thousands):

	Within 1 year	1-2 years	2-5 years	5-10 years	over 10 years	Total	Average Life
U. S. Government Obligations	\$1,010	\$699	\$1,758	—	—	\$3,467	2 yrs. 4 mos.
State & Municipal Obligations	\$ 208	\$302	\$1,379	\$300	\$90	\$2,279	3 yrs. 5 mos.

Note 3 — Assets pledged

Investments with a book value at December 31, 1966 of \$2,530,000 were pledged to secure deposits and for other purposes.

Note 4 — Reserve for possible loan losses

An analysis of the changes in the reserve for possible loan losses follows:

	1966 (in thousands)	1965
Balance January 1	\$ 35	\$25
Provision for possible loan losses	67	18
Recoveries on loans previously charged off	6	2
	<u>\$108</u>	<u>\$45</u>
Loans charged off to reserve	13	10
Balance December 31	<u>\$ 95</u>	<u>\$35</u>

Note 5 — Bank premises and equipment

Bank premises are stated at cost less depreciation. Depreciation thereon has not been computed under a formal accounting method, but determined by the management. Depreciation charges for 1966 were \$12,000, and included in Net Occupancy expenses.

Equipment purchased during 1966 was capitalized, and during prior years was expensed. There were no depreciation charges made during 1966.

Note 6 — Pension plan

The bank is a member of the New York State Bankers Retirement System. Contributions to the plan during 1966 amounted to \$7,137. All past service costs have been funded.

OPINION OF INDEPENDENT ACCOUNTANTS

GREMMEL & WUERFEL

50 Church Street, New York, New York
January 9, 1967

To the Board of Directors and Stockholder
of The Fallkill Bank and Trust Company

We have examined the accompanying Statement of Condition of The Fallkill Bank and Trust Company, Poughkeepsie, New York, at December 31, 1966 and the related Statements of Income and Summary of Changes in Capital for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The financial statements for 1965 were not audited by independent accountants.

In our opinion the Statements mentioned above present fairly the financial position of the Bank at December 31, 1966 and the results of its operations for the year then ended, in conformity with accounting principles, described in Note 1, applied on a basis consistent with that of prior years, except for the change noted in Note 2, with which we concur.

Gremmel & Wuerfel

THE FALLKILL BANK AND TRUST COMPANY

BOARD OF DIRECTORS

KENNETH B. MESLER, *President*

ERIK ALDEBORGH, *Chairman of the Board, Standard Gage Company, Inc.*

CLAUDE M. CONGER, *Chairman of the Board, Wire-O Corporation*

CHARLES G. GARRETT, *Vice President, BT New York Corporation*

EDWARD K. HAAS, *Attorney*

EDWIN S. KNAUSS, *Tax Assessor, Town of Poughkeepsie*

EDWARD J. MACK, *Attorney*

GEORGE C. MARCUS, *Chairman and Treasurer, Poughkeepsie Iron & Metal Company, Inc.*

H. MORRIS McCOMB, *Poughkeepsie, New York*

A. ALLENDORPH SCHOONMAKER, II, *Funeral Director*

EVERETT E. SPOOR, *President, Spoor-Lasher, Inc.*

J. MARTIN VanWAGENEN, *Poughkeepsie, New York*

OFFICERS

KENNETH B. MESLER, *President*

JOHN W. KELLY, *Executive Vice President*

EDWARD K. HAAS, *Vice President and General Counsel*

GEORGE R. HALL, *Vice President and Trust Officer*

JOHN C. CORLISS, *Vice President*

CARL DURBECK, *Vice President*

A. ALLENDORPH SCHOONMAKER, II, *Vice President*

GEORGE F. WHITE, *Vice President*

ROBERT S. LEONETTI, *Secretary*

BANKING OFFICES

Main Office 17 Market Street, Poughkeepsie, N. Y. 12602

Main-Innis Office 709 Main Street, Poughkeepsie, N. Y. 12603



BT NEW YORK CORPORATION

The Pyramid:

The familiar symbol of the Tower of Strength, which in various renderings has identified Bankers Trust Company since 1913, has been adopted by BT New York Corporation and is now the official symbol of the company and its members.

Transfer Agent:

Bankers Trust Company, New York

Registrar:

Bank of New York

Annual Shareholders' Meeting:

The Annual Meeting of Shareholders of BT New York Corporation will be held at the Schine Ten Eyck Hotel, Albany, New York, at 2 P.M. March 16, 1967. A proxy statement will be sent to shareholders on or about February 11, 1967.

